

CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 01/08/02
AGENDA ITEM 7
WORK SESSION ITEM _____

TO: Redevelopment Agency Board Members
FROM: Director of Community and Economic Development
SUBJECT: Review of 1999-2003 Implementation Plan for the Downtown Hayward Redevelopment Project

RECOMMENDATION:

It is recommended that the Agency accept the 2001 Mid-Term Review of the 1999-2003 Downtown Hayward Redevelopment Project Implementation Plan.

BACKGROUND:

Pursuant to state redevelopment law (CRL), the Redevelopment Agency is required to adopt an Implementation Plan for the Redevelopment Project Areas every five years. The Implementation Plan describes goals and objectives for the Project Area, as well as potential programs and potential projects, and the estimated expenditures to be made during the five years covered by the Plan. The Implementation Plan also describes how the Agency would use its Low and Moderate Income Housing Fund to increase, improve and preserve low and moderate income housing. The Agency adopted an Implementation Plan for its Downtown Hayward Redevelopment Project Area in 1998, for the period 1999 through 2003. In addition, the Agency adopted an Implementation Plan for the Mission-Foothill Amendment Area that was approved in 2001.

Under CRL the Agency is also required to conduct a public hearing between the second and third years of the five-year term of the Implementation Plan for the purpose of reviewing the Redevelopment Plan and the Implementation Plan and evaluating the progress of the Redevelopment Project. The purpose of this public hearing is to meet this requirement of the law. Staff has prepared a mid-term review of the 1999-2003 Implementation Plan, which is Exhibit A of this agenda report. The mid-term review also incorporates the Implementation Plan for the Mission-Foothill Redevelopment Plan Amendment.

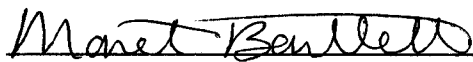
Since the Implementation Plan was adopted in late 1998, the activities of the Redevelopment Agency have largely continued to focus on the Downtown BART Station area, with the completion of the Parking Structure and B Street Marketplace Project on Site 3, and the development now under way at the Albertson's retail center and Site 2 Olson City Walk

Since the Implementation Plan was adopted in late 1998, the activities of the Redevelopment Agency have largely continued to focus on the Downtown BART Station area, with the completion of the Parking Structure and B Street Marketplace Project on Site 3, and the development now under way at the Albertson's retail center and Site 2 Olson City Walk Project. In addition, the city has completed a major planning effort with the Cannery Area Design Plan and the Agency is now seeking to implement that plan through its recent distribution of a Request for Proposals for the Cannery Area. Finally, as noted, the Agency adopted a major Redevelopment Plan Amendment in 2001.

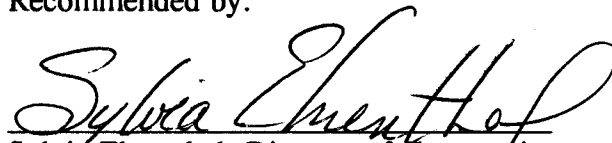
In 1995 the Housing Element of the General Plan was amended to establish a 70% owner-occupancy goal. One result of this policy change has been to use the Low and Moderate Income Fund to create financing and outreach programs targeting low to moderate income first-time homebuyers. The Low and Moderate Income Housing Fund also continues to fund or provide matching funds for new construction projects and multifamily housing rehabilitation programs. Finally, the Low and Moderate Income Housing Fund has been used to assemble Site 4, which is located adjacent to the Atherton Place Project. Assembly of properties on this block is still underway.

The Agency is not required to take any formal action concerning the 1999-2003 Implementation Plan or the Redevelopment Plan. This mid-term review is an opportunity for the Agency to accept public comment and review the activities and expenditures of the Agency since 1999 and to review what is proposed until 2003. The law acknowledges that annual budget decisions by the Board will determine the actual amount allocated to any particular program or project, and the inclusion of an estimated amount in an Implementation Plan does not constitute approval of that amount.

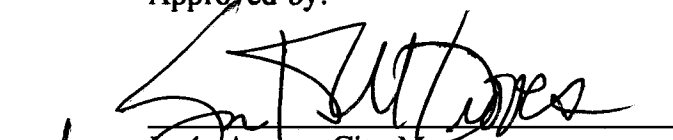
Prepared by:


Maret Bartlett, Redevelopment Director

Recommended by:


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Approved by:


Jesús Armas, City Manager

Attachments: Exhibit A : Mid-Term Review of the 1999-2003 Implementation Plan

EXHIBIT A

**MID-TERM REVIEW
OF THE
1999-2003
DOWNTOWN HAYWARD REDEVELOPMENT
IMPLEMENTATION PLAN**

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PART I
REDEVELOPMENT IMPLEMENTATION PLAN
AND
ASSOCIATED PROGRAMS

INTRODUCTION

In accordance with state law, the Hayward Redevelopment Agency (Agency) is required to adopt a Five Year Implementation Plan for its Downtown Hayward Redevelopment Project Area. The Implementation Plan is required to describe the goals and objectives for the Project Area, the specific programs and potential projects for the Project Area, and the estimated expenditures to be made during the five years covered by the Plan. The Implementation Plan is also required to describe how the Agency would implement state requirements related to the provision and preservation of Low and Moderate Income housing. The Implementation Plan for the Downtown Hayward Redevelopment Project Area 1999-2003 (Attachment 1) was adopted in September 1998. In June 2001, a Five Year Implementation Plan was adopted for the Mission-Foothill Redevelopment Plan Amendment Area which was added to the Project Area (Attachment 2).

The Agency must also conduct a public hearing at least once, between the second and third years of the five year term of the Implementation Plan, for the purpose of reviewing the Redevelopment Plan and the Implementation Plan, and evaluating the progress of the Project Area. The following report is intended to provide such review. First, the report reviews the goals identified in the Implementation Plan(s) within the Project. This is followed by discussion of the Agency's progress towards completing the programs and projects recommended in the Implementation Plan and a review of program expenditures. Part II of this report provides a review of the Agency's programs and activities funded by its Low and Moderate Income Housing Fund.

SUMMARY

Historically, Downtown Hayward has been the commercial and business center of the City and surrounding areas. The Downtown Redevelopment Area is characterized by a variety of physical and economic conditions that adversely affect the economic functioning and improvement of the area. The Redevelopment Agency continues to pursue activities that implement the goals of the Downtown Hayward Redevelopment Plan.

The Agency has continued its progress in developing Sites 2 and 3 and is currently assembling Site 4 for redevelopment. The Albertson's Project, adjacent to the Hayward City Hall, is under construction. There are a number of proposed private residential projects underway in the Project Area and two major residential developments that have been completed. Other commercial improvement success stories include the City's Commercial Façade Improvement Program which has completed several projects on B Street, and a major retrofit of an existing building at A Street and Foothill Boulevard by Long's Drug Store. The Green Shutter building is currently being renovated. The Agency has completed two amendments to its Redevelopment Plan, adding the Burbank/Cannery Area in 1998 and the Mission-Foothill Corridor in 2001. The City adopted a Design Plan for the Cannery Area in 2201 and the Agency is currently working to implement that Plan.

FIVE-YEAR IMPLEMENTATION PLAN REVIEW

The Implementation Plan 1999-2003 is attached to this report as Attachment 1. This plan projected that a number of projects would be undertaken within the five-year period of the Plan. The current status of these projects is as follows:

- **Lincoln (Legacy) Pinnacles City Centre Residential:** Completed in 1999, this 192-unit private residential project constructed by Legacy Partners is located at the corner of C Street and Grand Street.
- **City Center Building:** Not yet completed. The 151,000 square foot City Center office building has been sold by the City of Hayward to a private party. The current owners are marketing the building to prospective tenants/users prior to undertaking renovation.
- **Lucky (Albertson's) Store and Related Retail:** Under construction. This Redevelopment Agency sponsored project consists of a 62,000 square foot supermarket/drug store and approximately 16,000 square feet of retail space along B Street and at the corner of A Street at Mission Boulevard. The Albertson's store is scheduled for completion in November 2001, and the additional retail is scheduled for completion in 2002.
- **Site 3 Mixed Use Development:** Completed in late 1998, this project includes a 320-space parking garage and approximately 12,000 square feet of retail shop space fronting B Street. The retail space is approximately 60% leased. This is a Redevelopment Agency sponsored project.
- **Multi-screen Theater:** The Redevelopment Agency has attempted to market two sites along Foothill Boulevard to prospective movie theater developers and operators. Given recent movie theater developments undertaken in adjacent cities and the current state of the movie theater market, development of a theater in downtown Hayward has not been successful to date.
- **Site 2 Mixed Use Development (City Walk):** Under construction. A 77-unit town home development by The Olson Company is scheduled for completion in 2002. This Redevelopment Agency sponsored development is adjacent to the new Hayward City Hall and the downtown BART Station. In addition, Site 2 includes a .75-acre, Redevelopment Agency-owned site that is designated for future office development.
- **Sobrato/Amador Village Residential:** Completed in 2000. This is a 155-unit residential project located at Winton Avenue and Amador Street, within walking distance of the new Alameda County Government Office building and the Hayward AMTRAK Station.

Other major development projects that have been completed or approved during this period that were not contemplated in the Implementation Plan include the following:

- **Long's Drug Store:** Completed in 1999. This project involved the substantial renovation of a 17,000 square foot building in order to house a new Long's Drug Store at the corner of Foothill Boulevard and A Street.
- **Alameda County Government Office Development:** Completed in 2001. This is a 185,000 square foot office building leased to Alameda County. This new mid-rise

building replaced the former Daily Review Newspaper Printing Plant that had long been obsolete.

- **DeNova Homes Residential:** Under construction. This 161-unit private town home development is located in the vicinity of D and Grand Street near the downtown BART Station.
- **Hayward Lofts:** Approved. This 70-unit private loft development is located at the corner of D and Atherton Streets, adjacent to the BART line. The developer is The Olson Company. Site clearance has been completed.

The 1999-2003 Implementation Plan proposed several economic development projects and activities for the Downtown Area. The status of these projects is as follows:

- **Downtown Parking Improvements:** In addition to the parking improvements completed on Site 3 (see above), the Redevelopment Agency may consider sponsoring the construction of additional parking facilities in the downtown if the old Albertson's supermarket site at the corner of B Street and Foothill Boulevard is redeveloped.
- **Downtown Sidewalk Improvements:** The City proposed the formation of a sidewalk assessment district for the downtown Hayward area in 2001. A total of up to \$3 million in Redevelopment Agency funding was proposed for contribution to this project. Since the affected property owners did not approve the assessment district, a modified project is being pursued.
- **Façade Improvement Program:** The City manages this program with funding provided by its Community Development Block Grant fund. To date, the program has funded façade improvements for Buffalo Bill's brewpub, the Stroebel building (adjacent to the Palmtag building), and the Medicine Chest, all on B Street. Additional buildings in the pre-construction phase include the building occupied by Garry's Donuts at B and Main Street, the old Beauty School building adjacent to Garry's, and the Palmtag Building. The Implementation Plan recommended that this program be extended to Foothill Boulevard. Given limited funds, the program continues to be concentrated on B Street.
- **Assistance for Attracting and Promoting Business:** City staff continues to administer the Business Improvement Area (BIA), which has expanded its efforts to promote the downtown during this period. The BIA now sponsors six events per year, and funds newspaper tabloids prior to these events in order provide an advertising forum for downtown businesses. During this period, the BIA has upgraded the downtown banners and holiday decorations. The Redevelopment Agency currently contributes \$35,000 per year to the BIA. In addition, the City/Agency staff market the downtown area to potential retailers, and provide financing and site location assistance. The Agency has directly sponsored the creation of new retail space in the downtown via the Site 3 and Albertson's projects, including leasing activity on Site 3. Finally, the Agency and City have actively marketed the old Albertson's site at B and Foothill Boulevard in order to attract an exciting, entertainment-oriented use into the downtown area.

- **Develop Re-use Strategies and Plans for Industrial Sites:** In response to the closure of the Hunts Wesson tomato cannery at the end of 2000, the City of Hayward adopted the Hayward Cannery Area Design Plan, and associated General Plan and Zoning Ordinance changes in 2001. The Design Plan sets forth the preferred land uses for the parcels that comprise the old Cannery Site between C Street and Winton Avenue, adjacent to the railroad tracks. In addition, the Design Plan addresses future land uses for the industrial area south of A Street along Amador, the area north of A Street along Hathaway Avenue and the area along Grand, C, Alice and Claire Streets. The Design Plan process also involved the preparation of a focused Environmental Impact Report (EIR) on the proposed Plan, and the preparation of a detailed phase I and limited phase II report regarding the status of hazardous materials contamination issues in this area. That work was done through a grant received from the Environmental Protection Agency. Also in 2001, the Redevelopment Agency issued a Request for Proposals (RFP) for the approximately 70-acre area comprising the old Cannery Site. The Agency anticipates selecting a developer and initiating negotiations for this important area by year-end.
- **Marketing Efforts to Attract New Uses to Occupy Vacant Building Spaces/ Assistance to Modernize or Re-use Buildings in Industrial Areas:** During the recent economic boom, there has been significant interest shown in these areas. This has resulted in the completed redevelopment of the Daily Review building, as well as the redevelopment of the old bowling alley property in the vicinity of D and Grand Street, by DeNova Homes that is currently under construction. There is also an ongoing marketing effort with respect to the C/Grand/Alice/Claire blocks.

As noted above, the Redevelopment Agency is currently undertaking an RFP process for the Cannery Site. Consideration was given to the potential re-use of buildings in the Cannery Area as part of the process of developing the Cannery Area Design Plan. Unfortunately, it appears from initial investigation, that the existing buildings on the cannery site could not be economically converted to residential uses, such as lofts. The Sysco-Select Foods property may have potential to be converted from its existing warehouse use to live/work lofts.

The 1999-2003 Implementation Plan also proposed several Public Works projects for funding. The status of these projects is as follows:

- **Streetscape and Gateway Improvements at the Following Locations:**
 1. A Street between Hathaway and Burbank Streets
 2. C Street between Burbank and Grand Street
 3. San Lorenzo Creek Trail Improvements

The Agency has not yet undertaken the improvements identified above. However, \$206,000 has been budgeted in the FY 2001-02 Capital Improvement Program (CIP) for downtown gateways. It should also be noted that two parks in the downtown area along Mission Boulevard were completed in 1999: Newman Park and Giuliani Plaza. These two parks are located along Mission Boulevard at B and C Streets, and help to fulfill a

Core Area Plan objective to create a greenbelt along the Hayward Fault corridor in the downtown area, where viable commercial buildings no longer exist. Also, the City has installed median landscaping along Foothill Boulevard from Hazel Avenue to the City limits.

- **Improve Lighting Throughout the Project Area to Improve Pedestrian Safety:** The City installed decorative lighting fixtures in the downtown area in 1998. In addition, lighting considerations are routinely incorporated into new and proposed developments, such as the Albertson's project and the various residential projects. It is anticipated that lighting will be among the improvements incorporated into any future development in the Cannery Area.
- **Improve Access Between Burbank School and Park Sites:** This goal was incorporated into the Cannery Area Design Plan, which illustrates a joint-use Cannery Park facility along with the construction of a new school to replace Burbank Elementary School. In addition, the Plan provides for a pedestrian crossing over the railroad tracks that would connect Centennial Park with Cannery Park via a greenbelt and mini-park at the site of the old Cannery water tower. The Redevelopment Agency has also incorporated these goals into its RFP.
- **Improve Circulation in the Cannery Area to Relieve Traffic Impacts in Residential Areas.** Again, these goals were incorporated into both the Cannery Area Design Plan and the RFP.

MISSION-FOOTHILL REDEVELOPMENT PLAN AMENDMENT

In July 2001 the Redevelopment Agency Board approved a major Redevelopment Plan amendment, which added 738 acres to the existing Redevelopment Project Area along the Mission-Foothill Boulevard corridor. This Plan Amendment was the result of a process that lasted approximately one and one-half years, and a number of public meetings. The goals identified for the Mission-Foothill Redevelopment Plan Amendment Area have been summarized in an earlier section of this report. As part of the Plan Amendment Process a Five Year Implementation Plan, attached to this report as Exhibit B, was adopted for the area. Although it is not time to consider a mid-term review of the Implementation Plan for the Mission-Foothill area, it is proposed that the Implementation Plan for this area be incorporated into the Project Area Implementation Plan as a whole.

The following chart identifies the Implementation Plan Projects and Programs that were identified for the first five years of the Mission-Foothill Redevelopment area. The program and costs were identified based on an estimate of the amount of funding that could be generated from this area during this time.

**MISSION-FOOTHILL
FIVE-YEAR IMPLEMENTATION PLAN
PROPOSED PROJECTS**

PROJECT DESCRIPTION	ESTIMATED COST (Present Value)
1. Develop revitalization strategies for selected older neighborhoods, such as the area bounded by Hazel, Kimball, Foothill and Main in North Hayward and the area between Mission, East 16 th , Calhoun and Webster in the Mission-Garin neighborhood. Activities could include infrastructure improvements such as installation of curb, gutter and sidewalk; housing rehabilitation; and landscape beautification.	\$200,000
2. Plan for the mixed-use redevelopment and reconfiguration of the two-block area bounded by Mission, Pulaski, Warner and Lexington to create a revitalized southern entry to the City. Work with property owners to maximize potential reuse of site.	\$100,000
3. Prepare a conceptual plan for the South Hayward BART Station area that extends through the Dixon area to the Mission-Industrial intersection.	\$250,000
4. Develop a revitalization strategy for the North Mission Boulevard commercial corridor that is coordinated with the Alameda County redevelopment plan. Consider relocation of new auto dealerships to historic auto row and reuse of vacated properties. Evaluate feasibility of expanding or enhancing historic cottage district.	\$150,000
5. Develop a unique, high visibility banner program for Mission Boulevard to create identity and focus for the historic Hayward Auto Row.	\$100,000
6. In cooperation with the Hayward Area Recreation District, encourage the development of a neighborhood park in the P.G.&E. corridor south of Orchard between the BART tracks and O'Neil.	\$200,000
Total Estimated Non- Housing Project Costs	\$1,000,000
Revenue Available Years 1 through 5	\$769,134
Shortfall in Non-Housing Projects	(\$230,866)
7. Provide funding to expand the Agency's low- and moderate-income housing rehabilitation loan program to serve the Amendment Area. These funds could be used for residential rehabilitation loans, pre-development assistance for new construction, or a mix of other eligible programs.	\$260,000
Low- and Moderate-Income Housing Fund Revenues Years 1 through 5	\$265,219

It must be noted that none of the programs and projects identified above have been undertaken as yet. However, \$250,000 has been budgeted on a preliminary basis for expenditure on a plan for the South Hayward BART Station area in fiscal year 2002-03.

REDEVELOPMENT PROGRAM EXPENDITURES

The 1999-2003 Implementation Plan identified the following anticipated program expenditures for the Project Area:

1999-2003 IMPLEMENTATION PLAN PROPOSED EXPENDITURES

Program Categories	Added Area	Existing Area	Total
1. Economic Development/Added Area	\$300,000		\$300,000
a. Develop reuse strategies and plans for industrial sites			
b. Marketing efforts to attract new uses to occupy vacant building space			
c. Assistance to modernize buildings in older industrial areas			
2. Economic Development/Downtown Area (Existing Area)		\$2,000,000	\$2,000,000
a. Downtown parking improvements (approx. 300 spaces)			
b. Downtown sidewalk improvements			
c. Expand the Façade Improvement Program to Foothill Blvd.			
d. Provide assistance for attracting and promoting businesses			
3. Public Improvements	\$500,000	\$1,500,000	\$2,000,000
a. Streetscape and gateway improvements, including:			
-A Street between Hathaway and Burbank Streets			
-C Street from Burbank to Grand Streets			
-San Lorenzo Creek trail improvements			
b. Improve lighting throughout the project area to improve pedestrian safety.			
c. Improve access between Burbank school and park sites.			
d. Improve circulation in the Cannery area to relieve traffic impacts in residential areas (partial funding)			
Subtotal Non-Housing Projects	\$800,000	\$3,500,000	\$4,300,000
4. Housing and Neighborhood Conservation	\$1,200,000	\$3,900,000	\$5,100,000
a. Housing rehabilitation program			
b. First Time homebuyers Program			
c. Increase the supply of affordable housing			
d. Site preparation for housing projects.			
HOUSING AND NON-HOUSING SUBTOTAL	\$2,000,000	\$7,400,000	\$9,400,000
5. Redevelopment Program Administration			\$2,200,000
a. Administration costs for non-housing projects.			
PROJECTS AND ADMINISTRATION TOTAL			\$11,600,000

The following expenditures have been made by the Agency in connection with meeting its Implementation Plan goals to date:

FY 1998-99

Downtown Redevelopment Area - \$11,207,000

Burbank/Cannery Area - \$45,000

FY 1999-00

Downtown Redevelopment Area - \$2,594,000

Mission-Foothill Area - \$40,000

FY 2000-01

Downtown Redevelopment Area - \$304,000

Burbank/Cannery Area - \$115,000

Mission-Foothill Area - \$190,000

Total Expenditures/Debt Incurred FY1998-2001 By Category:

Downtown Redevelopment Area	\$14,105,000
Burbank/Cannery Area	\$160,000
Mission-Foothill Area	\$230,000
Total	\$14,495,000

The above expenditures reflect the thrust of the Redevelopment Agency for the past several years to complete its goals with respect to the downtown Hayward BART Station area, particularly with respect to the redevelopment of Sites 2 and 3. Nevertheless, significant efforts have been made over the past year to fulfill the initial goals of the Burbank/Cannery Area Redevelopment Plan Amendment through the Cannery Area Design Plan, and it is anticipated that the Redevelopment Agency may begin to implement these goals much sooner than was anticipated at the time of the Redevelopment Plan Amendment. It is important to note that tax increment is beginning to accrue in the Burbank/Cannery area only as of FY 2001-02. Therefore, no revenues were received to support Cannery Area activities during the initial half of the five-year Implementation Plan period.

PART II
PROJECTS FUNDED WITH
LOW AND MODERATE INCOME HOUSING FUNDS

INTRODUCTION AND SUMMARY

Since the adoption of the 1999-2003 Implementation Plan, the City and Agency have worked diligently to fulfill the goals and activities outlined in the Affordable Housing section of the Plan. As anticipated in the Plan, the Agency has funded an active First Time Homebuyer program, and will continue to do so. In addition, the Agency has funded the Green Shutter Hotel renovation, which is underway. The Agency has also pursued the acquisition of Site 4 and has acquired the majority of parcels on the block. Finally, as a result of the recent developments in the Cannery Area it is anticipated that development, including affordable housing development will take place much sooner there than originally thought.

REVIEW OF LOW AND MODERATE INCOME HOUSING FUND PROGRAMS AND PROJECTS

Affordable Housing Production Requirement:

As noted in the Implementation Plan, the Agency is required per state law to ensure that 15% of all residential units that are produced by entities other than the Redevelopment Agency are made affordable to low and moderate-income households. The Implementation Plan projected that 360 new housing units would be constructed in the Redevelopment Project Area during the period from 1999-2003. As of 2001, approximately 350 new units have been constructed, including the Pinnacles and the Amador Village projects. However, none of these units were designated as affordable units, nor were any other new affordable units meeting the state law requirements created in Hayward during the period from 1999-2001. As a result, the Agency has an obligation to produce 53 units of affordable units within the next 9 years.

The affordable housing production requirement does not apply to the original Downtown Redevelopment Project Area that was adopted in 1975, but does apply to all areas that were added to the Project Area after that time. Therefore, while the completion of the City Walk Town homes will not add to the affordable housing production requirement, most of the housing produced on Site 4 will trigger affordable housing production requirements, as will any housing produced in the remaining parts of the 1987 Expansion Area, the Cannery/Burbank Area and the Mission-Foothill Area. The number of units that will be produced on Site 4 has not yet been determined. Other proposed projects currently amount to 231 units (DeNova Homes and Olson's Hayward Lofts), which will generate an additional housing production requirement of 35 new affordable units. The Cannery Project can be expected to yield between 527 and 656 units, including an affordable housing requirement of between 79 and 98 units. However, it is unlikely that many of the Cannery Area units will be produced within the 1999-2003 Implementation Plan period.

Replacement Housing Requirement:

Under redevelopment law, the Agency is required to replace any units that are removed as a result of Agency activity, if those units were occupied by low to moderate-income households. At least 75 % of those units must be affordable to households in the same income range as the households that previously occupied the destroyed homes that were removed. The units can be located anywhere in the City of Hayward.

During the Implementation Plan period, the Agency moved the Newman Towers from the Albertson's site. Two of these units were occupied by lower income households. Newman Towers was sold to a private party and is planned for renovation. It is not yet known whether the renovated building will include any housing units.

In addition the Relocation Plan for Site 4 indicates that up to three housing units on Site 4 are occupied by low to very-low-income households. Provision for the replacement of these units will be made when a Replacement Housing Plan is adopted.

Finally, the proposed Cannery Site includes 15 units of existing housing. It is currently unknown but can be surmised that some of these units are occupied by low to moderate-income households. Therefore, some portion of these units will likely need to be replaced either as part of the Cannery Area project or somewhere else in the City of Hayward.

Affordable Housing Programs:

The 1999-2003 Implementation Plan stated that the Agency would utilize three basic programs to fulfill its affordable housing goals:

1. Assistance to First-Time Homebuyers – new construction
2. Residential Rehabilitation
3. New Residential Construction

The City has operated its First-Time Homebuyer's program each year during the Implementation Plan period. During this time, approximately 61 households purchased homes under this program citywide. The program has been highly successful, however, the recent dramatic increases in the cost of housing have led to a decline in the ability of buyers to find housing that they can afford. Staff is currently reviewing the parameters of this program.

The Agency has completed the rehabilitation of one unit under its Residential Rehabilitation program. The City also currently operates a successful minor home repair program on a citywide basis, which is geared primarily towards senior citizens and other homeowners who are on fixed-incomes.

The Agency has stepped up assembly of Site 4 over the last two years and has now acquired most of the property on this block. The Agency has not yet negotiated an agreement with a developer for this site, however, it is anticipated that the project will have an affordable housing component.

In addition to the programs described above, the Agency also provided a loan to Eden Housing Inc. in FY 1998-99 to assist with the rehabilitation of 20 units of rental housing for very-low income households. Also the Agency has funded a total of \$650,000 in loans for the structural retrofit and exterior renovation of the Green Shutter Hotel, which is an 85-unit single-room occupancy (SRO) hotel serving lower-income residents. The interior work on that project is completed, and the exterior work has begun.

LOW AND MODERATE-INCOME HOUSING FUND EXPENDITURES

The 1999-2003 Implementation Plan indicated that the Redevelopment Project Area would generate a total of approximately \$2.8 million during the Plan Period, and that along with the \$2.7 million in then existing funds, the Agency would have approximately \$5.5 million available in funding to expend. The Implementation Plan further assumed that the Agency would expend the following amounts to achieve its three goals as follows:

First-Time Homebuyers (50 units)	\$1,000,000
Rental Rehabilitation (155 units)	\$1,100,000
New Construction / Land Acquisition	\$3,000,000
Total Units/Expenditures (205 units)	\$5,100,000

To date, actual expenditures for Low and Moderate Income housing activities have been as follows:

FY 1998-99

Low and Moderate Income Housing Fund - \$608,000

FY 1999-00

Low and Moderate Income Housing Fund - \$907,000

FY 2000-01

Low and Moderate Income Housing Fund - \$1,814,000

Total Expenditures 1998-2001 by Category/Goal:

First Time Homebuyer Program (61 units)	\$547,000
Rental Rehabilitation (106 units)	\$408,000
New Construction / Land Acquisition	\$2,374,000
Total	\$3,329,000

V. IMPLEMENTATION PLAN (1999 TO 2003)

A. INTRODUCTION

This chapter of the report contains a new five year Implementation Plan as required by the California Redevelopment Law (CRL) in conjunction with the Fall 1998 Downtown Hayward Redevelopment Plan Amendment. In summary, the Implementation Plan contains the following:

- Specific goals and objectives for the next five years.
- Specific projects and the estimated expenditures for the five year Implementation Plan period.
- An explanation of how the goals, objectives, proposed projects, and expenditures will help to eliminate blight.
- Description of how the Agency would implement the CRL requirements related to the provision and preservation of Low and Moderate Income housing (described in Section D).

1. Project Area Description

The Existing Downtown Hayward Project Area consists of 240 acres of commercial, industrial, and residential land uses located in Downtown Hayward. This includes the original 222 acre Downtown Hayward Project Area and an 18 acre area added by an amendment in 1987.

The proposed Added Area consists of approximately 370 acres of commercial, industrial, and residential land uses located to the southwest of the Existing Project Area. The Added Area is located largely in the portion of the Burbank Neighborhood that is west of the BART Station and north of Winton Avenue, and in the portion of the Santa Clara Neighborhood that is west of the UPRR and east of Amador Street.

2. Background

The Agency adopted its initial Implementation Plan for the Existing Downtown Project Area on December 14, 1994, and performed the mid-term review of the Implementation Plan in 1997. The Agency is thus in its fourth year of the 1994 Implementation Plan.

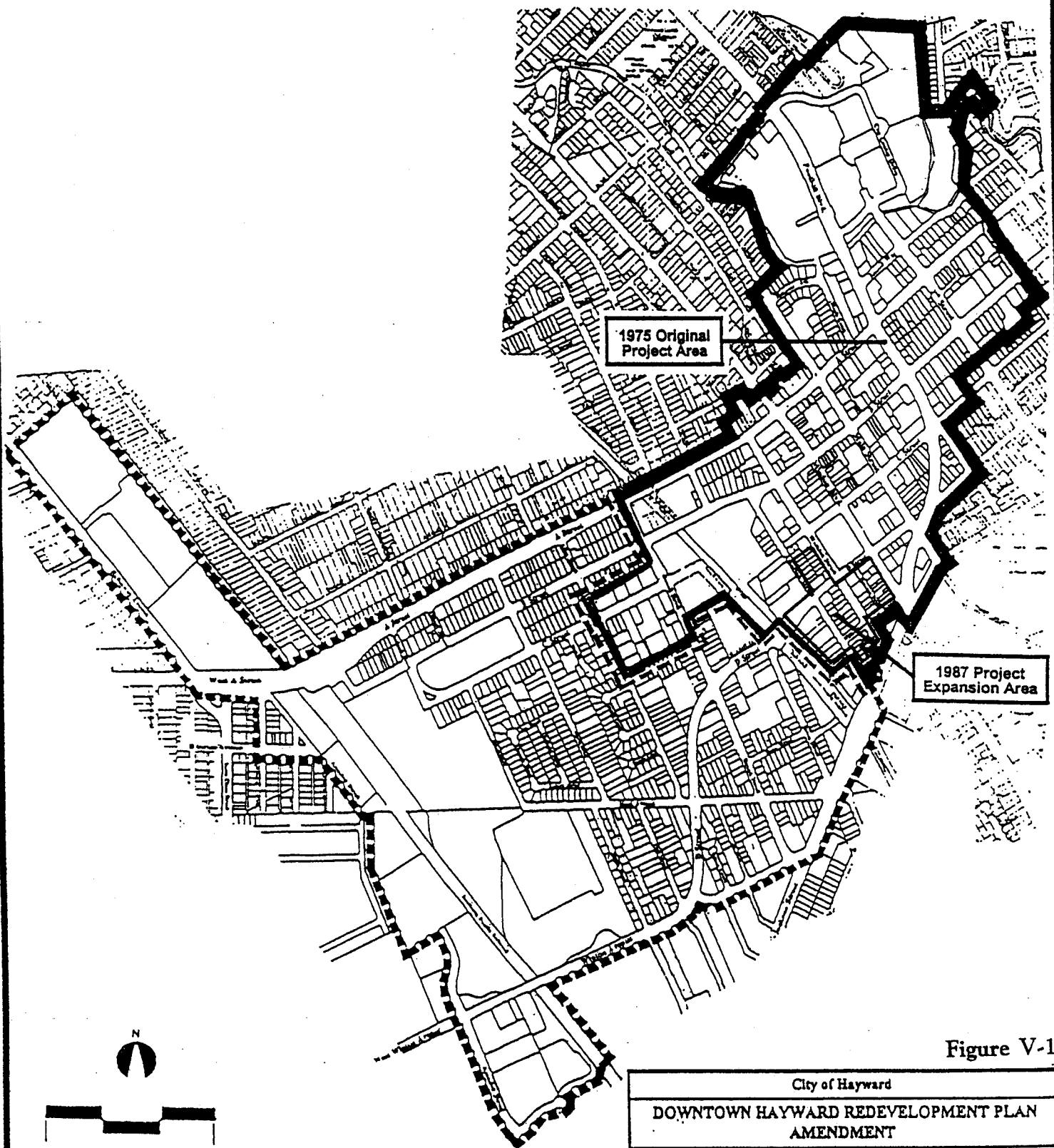
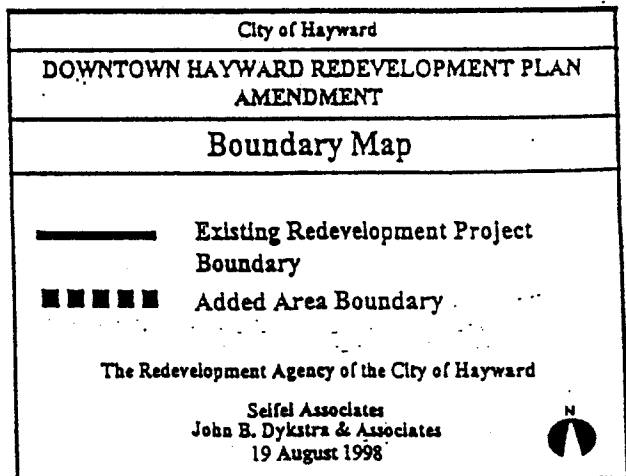


Figure V-1



CRL Section 33352(c), in conjunction with CRL Section 33457, requires the Agency to prepare a new implementation plan for the Plan Amendment. The new Implementation Plan set forth in this chapter meets that requirement and enables the Agency to set forth a comprehensive and coordinated redevelopment program for the Amended Project Area that takes into account the financial and legal resources made possible through the Plan Amendment. This new Implementation Plan also allows both the Existing Project Area and the proposed Added Area to have a common five year planning and implementation period under the CRL. If the proposed Plan Amendment is adopted, the Implementation Plan set forth in this chapter will replace in its entirety the previous Implementation Plan for Hayward's Downtown Project Area.

3. Time Period Covered by the Implementation Plan

The planning period specifically covered by this Implementation Plan is the five year period from 1999 through 2003. In addition, information for later years is provided in the housing portion of the Implementation Plan, as required by the CRL. The affordable housing production plan contained in Section D below covers the five year period from 1999 through 2003, the ten year period through 2008, and a third period from 2009 to the end of the Amended Redevelopment Plan.

4. Purpose of the Implementation Plan

This Implementation Plan is intended to provide general guidance for the implementation of the Agency's redevelopment program. It is expected that particular constraints and opportunities, not fully predictable at this time, will arise in the course of undertaking this program. Therefore, the Agency intends to use and interpret this Implementation Plan as a flexible guide. The Agency's specific projects and activities, as actually implemented over the next five years, may vary in their precise timing, location, cost, expenditure, scope, and content from those set forth in this document. As long as the underlying purpose and effect of the projects and activities, as actually implemented, are consistent with the purpose and effect articulated in this Implementation Plan, an amendment to this Implementation Plan will not be required.

This Implementation Plan is organized as follows:

- Goals and objectives of the Amended Redevelopment Plan.
- Five year program for non-housing redevelopment activities, including the expenditures that the Agency intends to make for non-housing activities during the next five year Implementation Plan period.
- Affordable housing activities, including affordable housing production obligations, housing programs, housing set-aside revenues and expenditures, and five year annual projection goals.

B. GOALS OF THE REDEVELOPMENT PLAN AMENDMENT

The central goal of the Existing Redevelopment Plan is to:

"Provide an improved physical, social, and economic environment which will establish this area as a center of community activity, containing a viable mixture of commercial and residential development, open space, public and related uses."

Within this broad goal, the Existing Redevelopment Plan identifies objectives which may be undertaken by the Redevelopment Agency. These include:

- A. Beautification and enhancement of the Project Area to create an improved visual environment and to promote comfort, convenience, safety and visual unity.
- B. Creation of a safe and efficient transportation and traffic circulation system.
- C. Creation and/or expansion of off-street parking facilities, including surface lots and multiple story structures.
- D. Provision of public facilities which will be needed to support the revitalization of downtown which may include but will not be limited to public buildings, recreation facilities, open space and utilities.
- E. Provision of expanded living and employment opportunities through the creation of suitable parcels of land for private development of housing and commercial uses.

The goals of the proposed Redevelopment Plan Amendment emphasize the elimination of blighting conditions and constraints that interfere with successful revitalization and development of the Amended Project Area.

The Agency will implement this Redevelopment Plan Amendment to achieve the following goals in furtherance of the purposes of the CRL and the City's General Plan. The goals of this proposed Plan Amendment are:

- To preserve and enhance established residential areas within the Amended Redevelopment Area, with particular attention to preserving significant structures and landscaping resources of the B Street corridor, between Grand Street and Burbank Street.
- To implement the goals and policies of the City's General Plan and the Burbank and Santa Clara Neighborhood Plans.
- To promote appropriate re-use of existing obsolete buildings where possible.
- To consider projects that eliminate conditions of blight, provide needed infrastructure or other public improvements, or address issues of land use incompatibility.

The non-housing and housing activities described in this Implementation Plan will also implement the policies of the Growth Management Plan. In addition the Implementation

Plan will be modified to reflect any future amendments to these plans as well as new plans that may be prepared in the future, such as a proposed area plan for the Cannery Area.

C. NON-HOUSING REDEVELOPMENT ACTIVITIES

The CRL requirements for the Implementation Plan non-housing activities and related expenditures for the Amended Project Area are described as follows:

1. Blighting conditions which will be alleviated by the Amended Redevelopment Project.
2. Agency non-housing activities and how they will alleviate blight.
3. Projected revenues.
4. Program activity costs during the five year planning period.
5. Relationship between projects and blighting conditions.

1. Blighting Conditions Which Will be Alleviated by Redevelopment Projects

The Implementation Plan must provide an explanation of how the goals, objectives, programs and expenditures for the next five years will serve to eliminate blight in the Project Area. As background, it is first useful to summarize the blighting influences that affect the Existing Redevelopment Project (refer to Chapter II for a detailed discussion of these conditions).

a) Blighting Conditions Remaining in the Existing Project Area

The Existing Project Area has been improved substantially by public and private actions since the adoption of the Redevelopment Plan in 1975. However, blighting conditions described in the original Report on the Plan continue to affect the Existing Project Area. These conditions include:

- A relatively high commercial vacancy rate in downtown buildings.
- Parcels of irregular shape, inadequate size, and poor configuration.
- Stagnant property values relative to the rest of the City.
- Property underdevelopment and stagnation.
- Deficient and substandard buildings.
- Deficient streets and inadequate parking facilities.

b) Blighting Conditions in the Added Area

As described in Chapter II of this report, physical and economic blighting conditions are substantial and prevalent in the Added Area. These conditions include:

- Poorly maintained, deteriorated, and dilapidated residences.
- Deteriorated and dilapidated industrial buildings and outbuildings, and buildings with sagging walls that indicate potential foundation, structural, or earthquake damage problems.
- Poorly constructed, deteriorated, and dilapidated fencing.
- Illegal trash and garbage dumping.
- Back lot developments that appear to be overcrowded.
- Incompatible uses.
- Substandard lots.
- Depreciated/stagnant property values or impaired investments, including stagnant or declining property values, stagnant or declining sales tax receipts and presence of hazardous materials.
- Vacant or underutilized land and business vacancies.
- Higher crime rate than the City average.

2. Non-Housing Project Costs Over the Five Year Planning Period

During the five year planning period, the Agency intends to undertake non-housing activities in the Existing Area and the proposed Added Area to alleviate blight. These projects and activities are grouped in the following program categories:¹

1. Economic Development/Added Area
2. Economic Development/Downtown Area (Existing Area)
3. Public Improvements

The Agency will capitalize on market opportunities in the Amended Project Area in the five year Implementation Plan period. The Agency anticipates that the private sector will undertake a number of development projects primarily in the Existing Project Area. Agency projects and activities are designed to facilitate the implementation of these near term projects, encourage future private investment and alleviate blight in the Downtown, as well as initiate redevelopment of the Added Area. The Agency anticipates that the private sector will undertake the following projects in the five year period:

- Completion of Mervyn's Downtown Office 1998
- Lincoln Properties Residential (192 units) 1998-1999

¹ The number assigned to each category is used for ease of reference and is not intended to indicate a category's relative priority for implementation.

- City Center Building Retrofit 1998-1999
- New Lucky's Store and related retail 1998-1999
- Site 3 Mixed Use Development 1998-1999
- Multi-Screen Theater Project 1999-2000
- Site 2 Mixed Use Development 1999-2000
- Moran/Sobrato Residential Project (159 units) 1999-2000

Beyond the five year Implementation Plan period, the Agency anticipates it will become more proactive, with a goal of completing redevelopment in the area surrounding the BART Station and facilitating revitalization in the Added Area. For example, the Agency may begin to promote the assembly of a development sites in the Sutro area and encourage projects that would facilitate the reuse of the Cannery Area. The changes proposed for the Cannery Area will take place over a long time frame.

Table V-1 summarizes estimated Agency expenditures over the five year period by program category. The nature and scope of the projects and expenditures were determined primarily by the Agency's objectives for the Amended Project Area, available revenues for funding projects and activities, and blighting factors to be eliminated within the Amended Project Area. Refer to Chapters III and IV of this Report to Council for a more complete description of the Redevelopment Program and estimated expenditures.

Through its annual budgeting process, the Agency will translate the objectives and projects described in this chapter into specific budget expenditures allocated between the Existing Area and the Added Area using the limited non-housing funds that are expected during the initial Implementation Plan period. Thus, actual expenditures in any year will vary subject to the annual budget process.

Table V-1
Illustrative Project Budget
Five Year Implementation Plan Period, 1999-2003
Downtown Hayward Redevelopment Plan Amendment
(Constant 1998 Dollars)

Program Categories	Added Area	Existing Area	Total
1. Economic Development/Added Area	\$300,000		\$300,000
a. Develop reuse strategies and plans for industrial sites			
b. Marketing efforts to attract new uses to occupy vacant building space			
c. Assistance to modernize buildings in older industrial areas			
2. Economic Development/Downtown Area (Existing Area)		\$2,000,000	\$2,000,000
a. Downtown parking improvements (approx. 300 spaces)			
b. Downtown sidewalk improvements			
c. Expand the Façade Improvement Program to Foothill Blvd.			
d. Provide assistance for attracting and promoting businesses			
3. Public Improvements	\$500,000	\$1,500,000	\$2,000,000
a. Streetscape and gateway improvements, including:			
-A Street between Hathaway and Burbank Streets			
-C Street from Burbank to Grand Streets			
-San Lorenzo Creek trail improvements			
b. Improve lighting throughout the project area to improve pedestrian safety.			
c. Improve access between Burbank school and park sites.			
d. Improve circulation in the Cannery area to relieve traffic impacts in residential areas (partial funding)			
Subtotal Non-Housing Projects	\$800,000	\$3,500,000	\$4,300,000
4. Housing and Neighborhood Conservation	\$1,200,000	\$3,900,000	\$5,100,000
a. Housing rehabilitation program			
b. First Time homebuyers Program			
c. Increase the supply of affordable housing			
d. Site preparation for housing projects.			
HOUSING AND NON-HOUSING SUBTOTAL	\$2,000,000	\$7,400,000	\$9,400,000
5. Redevelopment Program Administration			\$2,200,000
a. Administration costs for non-housing projects.			
PROJECTS AND ADMINISTRATION TOTAL			\$11,600,000

Note:

The Added Area may use funds from the Existing Area or issue bonds to undertake certain projects during the five year Implementation Plan period. The Added Area would reimburse the Existing Area when it begins to generate sufficient tax increment.

3. Agency Non-Housing Activities over the Five Year Planning Period

This section describes the deficiencies to be corrected and the projects and activities in the Redevelopment Program for the next five years. The proposed budget for the five year implementation plan period is shown in Table V-1. The table provides estimates for project expenditures separately for the Existing Area and the Added Area. Actual expenditures in any given year will be determined on a project by project basis during the Agency's annual budget review process.

a) Economic Development/Added Area

Deficiencies to be Corrected

As described in Chapter II, the Added Area portion of the Amended Project Area suffers from a variety of physical and economic blighting conditions that need to be reversed in order to attain its full economic potential. In some portions of the Added Area, particularly the Cannery area, incompatible land uses, such as residential adjacent to industrial, detract from private investment, and create an unattractive streetscape. Portions of the Amended Project Area suffer from environmental problems caused by hazardous materials. These problems have inhibited, and will continue for the Added Area to inhibit private development until the problems are addressed. The projects in this category are intended primarily to address the aging and underutilized industrial buildings such as those in the vicinity of the Cannery area.

Projects Proposed During the Next Five Years

As part of the economic development program for the Added Area, the following projects are proposed in the next five years:

- Develop reuse strategies and plans for industrial sites.
- Undertake marketing efforts to attract new uses to occupy vacant building space.
- Assistance to modernize or reuse buildings in industrial areas.

b) Economic Development/Downtown Area

Deficiencies to be Corrected

The Downtown Area (Existing Project Area) contains deteriorating and potentially hazardous buildings in need of rehabilitation. Field surveys, conducted in Spring 1998, found that 67 percent of the buildings had significant deficiencies, and over thirty commercial buildings were vacant or partially vacant. In addition, the Existing Area has public improvements needs which are vital to the area's economic development including the need for parking improvements in the downtown area. Finally, small and irregularly shaped parcels, or areas otherwise incompatible with the surrounding area are characteristic of the entire Downtown, including Site 4 and the area bounded by Grand, C, Alice, and Claire Streets which contain uses that are inconsistent with approved plans for the area.

Projects Proposed During the Next Five Years

As part of the economic development program to address the economic development needs of the Downtown, the following projects have priority, subject to funding availability, in the next five years:

- Downtown parking improvements (approximately 300 spaces).
- Downtown sidewalk improvements.
- Continue the Facade Improvement and Expand Program to Foothill Boulevard.
- Provide assistance for attracting and promoting businesses.

c) Public Improvements

Deficiencies to be Corrected

The Amended Project Area has a number of circulation problems. In some parts of the area, accessibility from local streets to major thoroughfares is limited because of BART, overpasses and the railroad. In the Burbank neighborhood, the movement of large trucks through narrow, curved residential streets adversely impact residences. Citizens have expressed concern about visibility at some intersections, crosswalk safety, speeding, and dangerous curves. Some local streets carry heavy through traffic.

Inadequate pedestrian and bicycle access across the railroad tracks serves as a deterrent to residents going to Centennial and Cannery Parks from the Burbank and Santa Clara neighborhoods. In addition, lighting is inadequate in portions of both the Existing and Added Areas; a condition that contributes to increased levels of crime. Finally, landscaping improvements are needed to upgrade the appearance of the Amended Area in order to promote the revitalization of these areas.

Projects Proposed during the Next Five Years

As part of the public improvements program for the Amended Area, the following projects have priority, subject to funding availability, in the next five years:

- Streetscape and gateway improvements at the following locations:
 - A Street between Hathaway and Burbank Streets
 - C Street between Burbank and Grand Streets
 - San Lorenzo Creek trail improvements
- Improve access between Burbank School and park sites
- Improve lighting throughout the Amended Project Area to improve pedestrian safety
- Improve circulation in the Cannery area to relieve traffic impacts in residential areas (partial funding)

4. Projected Five Year Implementation Plan Revenues and Expenditures

a) Projected Revenues

The Existing Downtown Redevelopment Project has been underway since 1975, and most of the available funds generated since its inception have been expended on several major projects which implement the Existing Plan objectives.

The total funds available in the Amended Project Area for non-housing projects during the five year Implementation Plan period is projected to be about \$6.6 million in constant 1998 dollars. This amount is comprised of the current fund balance of about \$1.6 million and about \$5.0 million in tax increment revenues generated during the five year period. Table V-2 shows that the Existing Project Area is projected to contribute about \$4.2 million in tax increment (after payment of about \$4.7 million in debt service on existing bonds), or 84 percent of the total, and the proposed Added Area about \$825,000. (See Chapter IV for further discussions of tax increment revenue potential.) No other significant funding sources are available to finance projects.

The Added Area is not expected to generate a significant amount of tax increment during first five years after its adoption. The Added Area may use tax increment revenues from the Existing Area to undertake projects in the Added Area. When it begins to generate sufficient tax increment revenues, the Added Area will refund the Existing Area. The strategic investment of funds generated by the Existing Area in projects for the Added Area, will be catalyst for redevelopment, stimulate private investment and accelerate the generation of tax increment revenues in the Added Area.

Table V-2
Projected Non-Housing Revenues
1999 to 2003
Amended Redevelopment Project

Year	Existing Area	Added Area	Total
<i>Nominal or Future Value Dollars</i>			
1998/99	\$751,682	\$0	\$751,682
1999/00	\$822,202	\$99,995	\$922,197
2000/01	\$937,389	\$194,014	\$1,131,404
2001/02	\$1,054,969	\$292,098	\$1,347,066
2002/03	\$1,166,752	\$394,392	\$1,561,144
Total	\$4,732,994	\$980,499	\$5,713,493
Current Balance	\$1,600,000	N/A	\$1,600,000
Total w/Balance	\$6,332,994	\$980,499	\$7,313,493
<i>Constant 1998 Dollars*</i>			
1998/99	\$751,682	\$0	\$751,682
1999/00	\$775,663	\$94,335	\$869,997
2000/01	\$834,273	\$172,672	\$1,006,945
2001/02	\$885,772	\$245,251	\$1,131,023
2002/03	\$924,177	\$312,395	\$1,236,572
Total	\$4,171,567	\$824,653	\$4,996,220
Current Balance	\$1,600,000	N/A	\$1,600,000
Total w/Balance	\$5,771,567	\$824,653	\$6,596,220

Net of debt service on existing bonds.

* Based on a present value discount rate of six percent.

Source: Tax Increment Projections, Appendix H, Seifel Associates.

b) Projected Expenditures

The Redevelopment Program has been designed to meet the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions. In addition, the projects and activities are intended to reflect the goals which are contained in the Amendment to the Preliminary Plan, as well as the goals outlined in the neighborhood and specific plans covering the Amended Area. Finally, the Program attempts to strike a reasonable funding balance between the Existing and Added Areas, given the fact that the Existing Redevelopment Project Area has previously received redevelopment funding.

Over the next five years, the Agency will undertake those activities which its revenue stream can financially support. Table V-1 shows that the Agency anticipates spending approximately \$4.3 million on non-housing projects (\$3.5 million in the Existing Area and \$0.8 million in the Added Area) and \$2.2 million in administrative costs in the Amended Project Area during the the five year Implementation Plan period. In addition, the Agency anticipates spending approximately \$5.1 million for affordable housing projects (\$1.2 million in the Added Area and \$3.9 million in the Existing Area).²

² Tax increment revenues available for affordable housing during the five year Implementation Plan period are discussed below in Section D.4.

5. Relationship Between Projects and Blighting Conditions

The projects and activities are proposed to alleviate the blighting conditions summarized above and documented in Chapter II, and to meet the Agency's affordable housing obligation.² Table V-3 provides a matrix summarizing the relationship between the blighting conditions and the projects proposed to alleviate each of the blighting conditions. The projects and activities have been designed to meet the CRL requirement that Agency expenditures be linked to the elimination of blighting conditions.

Table V-3
Matrix Summarizing How Redevelopment Programs Will Eliminate Blight
Amended Hayward Redevelopment Project

Blight Condition	Economic Development/ Added Area	Economic Development/ Downtown Area	Public Improvements	Housing Rehab & Neighborhood Conservation
Deficient or Deteriorated Buildings	■	■		■
Uneconomic Use of Buildings and Lots	■	■	■	■
Incompatible Uses	■	■	■	■
Small/Irregular Lots, Multiple Ownership	■	■		
Depreciated/Stagnant Values	■	■	■	■
Hazardous Materials	■	■		
Underutilized Property	■	■	■	■
Deficient Public Improvements	■	■	■	
Higher Crime Rate than City Average	■	■	■	■

² Affordable housing activities are described in Section D of this Implementation Plan.

D. AFFORDABLE HOUSING ACTIVITIES

This section constitutes the Housing Component of the Implementation Plan for the Amended Downtown Hayward Redevelopment Project, and summarize the Agency's housing obligations pursuant to the requirements of the CRL. The Agency is guided by the Association of Bay Area Government's fair share requirement and by the City of Hayward's adopted and certified Housing Element and Consolidated Plan. The Agency intends to implement relevant goals, policies, strategies and programs from the Housing Element and Consolidated Plan in the Amended Project Area.

This Housing Component of the Implementation Plan is organized as follows:

1. Affordable Housing Requirements:³ Section 1 summarizes the Agency's affordable housing requirements under the CRL and provides relevant background information and analysis regarding affordable housing needs and conditions in the Amended Project Area and the overall community.
2. Affordable Housing Production and Replacement Obligations: Section 2 describes the Agency's affordable housing production obligations, including housing replacement requirements.
3. Goals, Objectives and Programs: Section 3 outlines the Agency's affordable housing goals and proposed affordable housing programs over the five year Implementation Plan period.
4. Expenditures and Revenues: Section 4 summarizes expenditures from and deposits to the Low and Moderate Income Housing Fund (Housing Set-Aside) over the five year Implementation Plan period.
5. Annual Housing Activities: Section 5 describes the proposed housing activities for each of the next five years.

The affordable housing production and replacement requirements apply only to the 1987 Expansion Area and the proposed 1998 Added Area, and not to the Existing Area, adopted in 1975. (These CRL requirements apply to only plans (or amendments) adopted on or after January 1, 1976.)

1. Affordable Housing Requirements

The housing portion of the Implementation Plan must describe specific goals and objectives in enough detail to measure performance. The Implementation Plan must include the following affordable housing planning components:

- The number of housing units projected to be rehabilitated, price-restricted, assisted, or destroyed.

³ Affordable housing is defined under the CRL as housing which is affordable to persons earning at or below 120% of median income for the Oakland/Alameda County/Contra Costa County PMSA (area median income), assuming generally that 30% of their income is spent on housing. For example, a family of four at 120% of area median income in 1998 adjusted for household size, with a total household income of \$75,000 can afford a monthly housing cost of \$1,899.

- The Amended Project Area's Affordable Housing Production Plan (AB 315 Plan), as described below.
- Identification of proposed locations for replacement housing, which the Agency would be required to produce pursuant to CRL Section 33413, if a planned project results in the destruction of existing affordable housing.
- An explanation of how the goals, objectives, programs, and expenditures set forth in the Implementation Plan will implement the affordable housing requirements of the CRL, including a housing program for each of the five years of the Implementation Plan period.
- The amount available in the Affordable Housing Set-Aside Fund, estimates of deposits into the Housing Set-Aside Fund during the next five years, and the Agency's plans for utilizing annual deposits to the Housing Set-Aside Fund.

a) Major Statutory Provisions of the CRL for Affordable Housing

The major statutory affordable housing requirements imposed on redevelopment agencies by the CRL may be categorized generally as:

- Housing Production Requirement: Agencies must provide specified minimum percentages of new or substantially rehabilitated⁴ housing units in a project area, available at specified affordable housing cost.⁵
- Housing Fund Requirement: Agencies must expend 20 percent of tax increment revenue for the provision of affordable housing.
- Replacement Housing Requirement: Agencies must replace housing units removed from the housing stock as a result of redevelopment activities.

These three requirements are described in greater detail in the following three sections.

b) Housing Production Requirement and Housing Production Plan

The CRL affordable housing inclusionary production obligation (the "Housing Production Requirement") applies to project areas created by redevelopment plans, and areas added by amendments adopted on or after January 1, 1976. Since the Existing Downtown Hayward Project Area was adopted prior to this date, (December 31, 1975), there is no housing production requirement for the Existing Area. The housing production requirement applies only to the 1987 Expansion Area and the proposed Added Area. The housing production requirement addresses housing units produced that are Agency-developed dwelling units

⁴ The CRL defines "substantially rehabilitated" as rehabilitation of any multifamily rental unit or any single family Agency-assisted housing unit in which the rehab cost has a value of at least 25% of the after-rehabilitation value of the dwelling.

⁵ The CRL states that affordable monthly rental housing cost cannot exceed 30% of annual income distributed over 12 months (35% for certain owner-occupied units for households with incomes between 51% and 80% of median income).

and units developed by public or private entities or persons other than the Agency, including Agency-assisted dwelling units.⁶

Agency Developed Housing

This requirement applies **only** to units developed directly by the Agency and does **not** apply to units built by developers pursuant to agreements with the Agency. The Housing Production Requirement requires that 30 percent of all housing developed or substantially rehabilitated by the Agency be available at affordable housing cost to households at or below 120 percent of median income (See Tables V-4, V-5 and V-6). Of those units, one half (50 percent) must be affordable to households at or below 50 percent of median income (very low income households). This requirement translates to 15 percent of the total units developed or rehabilitated by the Agency (50 percent of 30 percent equals 15 percent).

Housing Developed by Other Entities

When housing is developed or substantially rehabilitated in a project area by public or private entities other than the Redevelopment Agency, including entities receiving Agency assistance, 15 percent of the total number of units must be affordable to households at or below 120 percent of median income. Of those units, 40 percent must be affordable to households at or below 50 percent of area median income. The 40 percent requirement for very low income households translates to six percent of the total units developed and/or substantially rehabilitated in a project area (40 percent of 15 percent equals 6 percent). The Agency anticipates this production requirement will apply to the 1987 Expansion Area and the proposed Added Area.

Housing Production Plan

The CRL requires that an agency adopt a plan for a project area showing how the agency intends to meet its Housing Production Requirement (the "Housing Production Plan") for the following time periods:

- historical production,
- production over the next five years,
- production over the next ten years, and
- production through the life of the Plan.

The plan must include estimates of the number of new or substantially rehabilitated residential units which have been and will be developed within a project area, and the number of affordable housing units which will be developed in order to meet the requirements of Section 33413. Additionally, the plan must include estimates of the number of units the Agency itself will develop during the time period of the plan, including the number of affordable housing units. The plan is to be reviewed every five years in conjunction with the City's Housing Element update. Subsections c) and d) of this chapter contain the Agency's revised Housing Production Plan.

⁶ Agency-assisted units are new or rehabilitated dwelling units developed within the Project Area by public or private entities or persons other than the Agency with assistance from the Agency Housing Set-Aside Fund.

c) **Housing Fund Requirement**

Generally, the CRL requires an agency to set aside in a separate Low and Moderate Income Housing Fund (the "Housing Set-Aside Fund" or "Housing Fund") at least 20 percent of all tax increment revenue generated from the project area for the purpose of increasing, improving and preserving the community's supply of affordable housing.

Fund Targeting: Income Levels and Affordable Housing Cost

The CRL requires that Housing Set-Aside Fund monies must be targeted to specific income levels, at percentages based on the City's "fair share" allocation reported by ABAG:

- Category A: Incomes up to 50 percent of median income, adjusted for family size.
- Category B: Incomes typically between 50 percent and up to 80 percent of median income, adjusted for family size.
- Category C: Incomes typically between 80 percent and up to 120 percent of median income, adjusted for family size.

Table V-4 shows the maximum income limits for each category by household size, published in 1998 by the State of California Department of Housing and Community Development (HCD) utilizing income limits prepared by the U.S. Department of Housing and Urban Development (HUD) for the City Hayward.

Table V-4
1998 Maximum Incomes by Income Category
City of Hayward

Household Size:	1	2	3	4	5	6	7	8
Category A								
Very Low (50%)	\$22,150	\$25,300	\$28,500	\$31,650	\$34,200	\$36,700	\$39,250	\$41,800
Category B								
Lower (80%)	\$35,440	\$40,480	\$45,600	\$50,640	\$54,720	\$58,720	\$62,800	\$66,880
Category C								
Median (100%)	\$44,300	\$50,600	\$57,000	\$63,300	\$68,400	\$73,400	\$78,500	\$83,600
Moderate (120%)	\$53,160	\$60,720	\$68,400	\$75,960	\$82,080	\$88,080	\$94,200	\$100,320

Source: State of California, Department of HCD, January 1998.

Housing assisted by Housing Set-Aside Fund monies must be available at an affordable housing cost in accordance with the CRL.⁷ Table V-5 shows the affordable housing cost definitions by income level and type of tenure. Note that for Category B, housing costs must be made affordable to the income levels shown in Table V-5 (e.g. 60-70% of median income) even though the incomes in these categories may extend to 80 percent of the median household income. Table V-6 shows the affordable monthly housing cost corresponding to each income level.

⁷ Health and Safety Code Section 50052.5 includes the definition of affordable housing cost.

**Table V-5
Affordable Housing Cost**

Income Category	Rental Housing		Ownership Housing	
	% of Household Income Spent on Housing	Household Income as % of Area Median	% of Household Income Spent on Housing	Household Income as % of Area Median
Category A	30%	50%	30%	50%
Category B	30%	60%	30%	70%
Category C	30%	110%	35% ⁸	110%

Source: California Health and Safety Code, Section 50052.5.

**Table V-6
1998 Income Levels
and Affordable Monthly Housing Cost for Typical Units**

Income Level Definition	Annual Income		Maximum Affordable Monthly Housing Cost ^{9*}	
	2BR	3BR	2BR	3BR
	Family of 3	Family of 4	Family of 3	Family of 4
Category A Very Low	\$28,500	\$31,650	\$712	\$791
Category B Lower	\$45,600	\$50,640	\$1,140	\$1,266
Category C Median	\$57,000	\$63,300	\$1,425	\$1,582
Moderate	\$68,400	\$75,960	\$1,710	\$1,899

Source: State of California, Department of Housing and Community Development, January 1998.

Provision of Housing According to Need

Over the life of the Redevelopment Plan, the Agency must provide Housing Set-Aside funds to assist Category A, B and C households (not being provided financial assistance by other governmental programs), in at least the same proportion as total number of units needed for all three income category.

The Association of Bay Area Governments (ABAG) sets forth the affordable housing need for the City in its regional "fair share" allocation. Table V-7 shows "fair share" allocation and the targeting objective currently applicable to the Hayward Redevelopment Agency for housing affordable to persons at or below 120 percent of median income. The Redevelopment Agency will make every effort to target use of the Housing Set-Aside Fund to meet these needs.

⁸ But not less than 28% of actual income.

⁹ These are examples of affordable monthly housing costs for households of various size. Rental housing costs include utility costs.

Table V-7
ABAG Regional Fair Share Allocations
Affordable Housing Need by Income Category
City of Hayward

Income Category	Units Needed (Fair Share) ¹⁰	Production 1988-1996	Remaining Need	
			Number	% Share
Category A	1,677	75	1,602	46%
Category B	1,188	190	998	28%
Category C	1,537	619	918	26%
Subtotal	4,402	884	3,518	100%
Category D	2,586	1,113	1,473	
Total	6,988	1,997	4,991	

Note: Fair share need adjusted to reflect actual housing production by income level between 1988 and 1996.

Source: ABAG Regional Housing Needs Allocation, City of Hayward.

Duration of Affordability

The CRL also requires the placement and recordation of affordability controls on any new or substantially rehabilitated housing assisted by Housing Set-Aside Fund money. These controls on assisted housing units require the units to remain affordable for the longest feasible time, but not less than certain minimum time periods. The minimum periods of affordability are 15 years for rental housing and 10 years for owner-occupied housing, with a shorter duration permitted if the Agency recoups its Housing Set-Aside Fund investment when an assisted owner-occupied unit is sold at a non-affordable price or to a non-qualifying buyer.

d) Replacement Housing Requirement

When residential units sheltering households earning at or below 120 percent of median income are destroyed, or are no longer affordable due to Agency action, the Agency must replace within four years those units with new or newly rehabilitated affordable housing units which have an equal or greater number of bedrooms. The Agency may either construct replacement housing, or cause housing to be constructed through agreements with housing developers. At least thirty days prior to acquiring property or adopting an agreement that will lead to the destruction or removal of low and moderate income housing units, the Agency must adopt by resolution a replacement housing plan that generally describes the location, timing and method by which replacement housing will be provided.

Replacement units may be located anywhere within the territorial jurisdiction of the Agency (Section 33413(a)). The Replacement Housing Requirement applies to project areas established by redevelopment plans (or areas added by amendments) adopted on or after January 1, 1976. Therefore, the CRL replacement housing requirement applies only to the area added in 1987 and the area added by this amendment. Since the Existing Downtown Hayward Project Area was adopted prior to January 1, 1976, there is no CRL

¹⁰ Fair share need in 1988.

replacement housing requirement for the Existing Area. However, Hayward's adopted Housing Element does include a requirement to replace each unit taken out of service for the Existing Project Area, however it does not mandate the replacement within a four year period.

The basic income and affordability standards for replacement housing are the same as those for use of Housing Set-Aside Fund monies (described above). The units must be available at affordable housing cost to households of low and moderate income. In addition, the CRL requires that 75 percent of the replacement units be available at affordable housing cost to the same income level category of households as were displaced from the units removed or destroyed (Section 333413(a)).¹¹

According to Section 33413(c), replacement housing must remain affordable for the longest feasible duration, and for at least as long as the land use controls of the redevelopment plan remain in effect for the Amended Project Area. The affordability controls on such units must be made enforceable by recorded covenants or restrictions.

2. Affordable Housing Production Obligations

This section provides the information on the housing production requirements mandated by the CRL for the 1987 Expansion Area and proposed 1998 Added Area. Housing production is presented as follows:

- Historical Production (1987 to 1998 in the 1987 Expansion Area)
- Projected production over the next five year period (1999 to 2003)
- Projected production over the second half of the ten year period (2004 to 2008)
- Projected production through the life of the Project (2009 to end)

Based on an analysis of the potential for new development on existing vacant residential parcels, the Agency has developed a projection for the number of units likely to be built or substantially rehabilitated in the Added Area over the next five years, ten years and through the life of the Plan. Table V-9 summarizes the future housing production in the Project Area over the next ten years.

With respect to affordable housing production, the Agency itself has not developed any housing in the community in the past, nor does it have plans to do so at any time in the future. The Agency has found it more cost effective and administratively efficient to provide financial assistance, as necessary, to private developers (both for-profit and non-profit) and owners to produce and rehabilitate affordable housing, than for the Agency to act as a housing developer. Consequently, the Agency does not anticipate any affordable housing production requirement with respect to Agency-developed housing.

¹¹ For example, if 100 units were destroyed and 50 were Category A units, 30 were Category B units, and 20 were Category C units, then, of the 100 replacement units, at least 38 (75% of 50) must be affordable to Category A households, at least 23 (75% of 30) to Category B households, and at least 15 (75% of 20) to Category C households. The remaining 24 replacement units need only be affordable to households with incomes not exceeding 120% of area median income. For definitions of income categories please refer to discussion in Section C.4.a.

However, the Agency must meet an affordable housing production requirements with respect to non-Agency-developed housing, with 15 percent of the total number of units must be affordable to households at or below 120 percent of median income. Of those units, 40 percent must be affordable to households at or below 50 percent of area median income. The 40 percent requirement for very low income households translates to six percent of the total units developed and/or substantially rehabilitated in a project area (40 percent of 15 percent equals 6 percent).

a) New and Substantially Rehabilitated Units

Historical Production (1987 to 1998)

No new units have been produced (meaning newly developed or substantially rehabilitated) in the 1987 Expansion Area since its inception.

Projected Production (1999 to 2003)

Over the next five years, it is expected that 360 new units will be built in the Added Area. The Agency anticipates that no new units will be built in the 1987 Expansion Area.

Projected Production (2004 to 2008)

Over the second five years, 60 new housing units are projected to be built in the 1987 Expansion Area, and no new units are expected to be built in the Added Area.

Projected Production (2009 to 2044)

Between 2009 and the end of the Amended Plan in 2044, 431 new housing units are projected to be built in the Added Area, and no new units are expected to be built in the 1987 Expansion Area during this period.

b) Affordable Housing Obligation (1999 to 2008)

The Agency's affordable (or inclusionary) housing obligation over the next ten years is calculated based on the number of new and substantially rehabilitated units produced by all public and private entities other than the Agency. The Agency anticipates that 25 units must be made affordable to Category A households and an additional 38 units must be made affordable to Category A, B, or C households, as calculated in Table V-8.

The Agency intends to meet its inclusionary obligation during the ten year period as indicated in Table V-8.

Table V-8
Agency Affordable Housing Production Obligation
Historical and Projected
1987 Expansion Area and Added Area

	Historical	1999-2003	2005-2008	2009-2044	Total	Percent
1. Housing Production						
New Units	0	360	60	431	851	
Substantial Rehabilitation	0	0	0	0	0	
Subtotal	0	360	60	431	851	
2. Affordable Housing Production Requirement						
Category A (6% of Total)	0	22	4	26	52	6%
Category A, B or C (9% of Total)	0	33	6	39	78	9%
Subtotal	0	55	10	65	130	15%
3. Units Meeting Requirement						
Category A	0	22	4	26	52	6%
Category A, B or C	0	33	6	39	78	9%
Subtotal	0	55	10	65	130	15%
4. Remaining Obligation (Surplus)						
Category A	0	0	0	0	0	
Category A, B or C	0	0	0	0	0	
Subtotal	0	0	0	0	0	

Notes:

The housing production obligation applies to the proposed Added Area and the 18 acre 1987 Expansion Area, but not to the original 222 acre 1975 Project Area.

Income Category Definitions

Category A- Very low income, typically up to 50% of median income.

Category B- Low income, typically between 51% and 80% of median income.

Category C- Median or moderate income, typically between 81% and 120% of median income.

The 6% of required affordable units (40% of 15%) must all be units affordable to households in Category A. The remaining 9% of required affordable units (60% of 15% of total units produced), can be in any of the three income categories, as long as they are affordable to households earning at or below 120% of median income. and the overall ratio over the life of the Project is in accord with Hayward's housing needs per ABP.

Source: Hayward Redevelopment Agency, Hayward Department of Community and Economic Development.

c) **Replacement Housing Obligation**

Replacement Dwelling Units Produced

In 1992 and 1993, the Agency invested Housing Set-Aside Funds in two Eden Housing residential developments (57 units in the Existing Area and 50 units outside the Existing Area). The 57 new units in the Existing Area are price restricted serving very low income households. Since these units were built on vacant land, they provide net additional affordable housing, and will qualify as replacement units for dwelling units that may be removed in the Project Area in the future.

1987 Expansion Area

One unit was taken out of service in the 1987 Expansion Area in 1988. One unit has been designated as replacement housing within the Glen Eden Apartments which were developed by Eden Housing in 1992. It is anticipated that an additional 10 units housing low income households may be removed in the process of assembling Site 4. At least 75 percent of the replacement units, or 8 units, must be affordable to households with the same incomes as those in the units removed. The Agency expects to incorporate all 10 of those replacement units in the multifamily development planned for Site 4. Table V-9 summarizes the Agency's replacement housing obligation.

No additional units are anticipated to be removed from 1987 Expansion Area through the end of the Amended Plan.

Added Area

The Agency does not plan any activity which would result in the loss of housing units in the next five years in the Added Area. Therefore, the Agency would not be obligated to replace any units, as there would be no displaced households.

Although it is possible that a small number of units may need to be removed to accommodate redevelopment around the Cannery Area, the Agency currently has no plans to remove any units in the Added Area.

Table V-9
Agency Replacement Housing Obligation
Historical and Projected
1987 Expansion Area and Added Area

	Historical	1999-2003	2005-2008	2009-2044	Total	Percent
1. Units Removed or Destroyed						
Category A (6% of Total)	1	0	10	0	11	
Category A, B or C (9% of Total)	0	0	0	0	0	
Subtotal	1	0	10	0	11	
2. Replacement Obligation						
Category A (6% of Total)	1	0	8	0	9	75%
Category A, B or C (9% of Total)	0	0	2	0	2	25%
Subtotal	1	0	10	0	11	100%
3. Minus Units Meeting Obligation						
Category A	(57)	0	(10)	0	(67)	
Category A, B or C	0	0	0	0	0	
Subtotal	(57)	0	(10)	0	(67)	
4. Remaining Obligation (Surplus)						
Category A	(56)	0	0	0	(56)	
Category A, B or C	0	0	0	0	0	
Total	(56)	0	0	0	(56)	

Notes:

The housing replacement obligation applies to the proposed Added Area and the 18 acre 1987 Expansion Area, but not to the original 222 acre 1975 Project Area.

Income Category Definitions

Category A- Very low income, typically up to 50% of median income.

Category B- Low income, typically between 51% and 80% of median income.

Category C- Median or moderate income, typically between 81% and 120% of median income.

Source: Hayward Redevelopment Agency, Hayward Department of Community and Economic Development.

3. Affordable Housing Goals, Objectives and Programs

a) Affordable Housing Goals

The CRL requires the Agency to provide an explanation of how the goals, objectives, programs, and expenditures set forth in the Implementation Plan will implement the affordable housing requirements, including a housing program for each of the five years of the Implementation Plan.

In addition to discussion of Agency progress in meeting its specific affordable housing obligations under the CRL, the Implementation Plan must set forth the Agency's goals and objectives for affordable housing during the five year Implementation Plan period. The Agency is committed to assisting the City in achieving the goals, policies and programs presented in the City's General Plan revised Housing Element. In developing its affordable housing program, the Agency has been guided by the goals and policies of the City's Housing Element, which are incorporated into the Implementation Plan by this reference.

The Redevelopment Agency/City housing goals under the Implementation Plan identified in the Housing Element are.

1. Encourage the provision of an adequate supply of housing units in a variety of housing types which accommodate the diverse housing needs of those who live, or wish to live in the City.
2. Ensure the safety and habitability of the City's housing units and the quality of its residential areas.
3. Ensure that the City's housing stock contains an adequate number of decent and affordable units for households of all income levels.
4. Ensure that all households have a variety of housing units from which to choose and that the emergency housing needs of Hayward households are met.
5. In addition, the City amended its 1995 Housing Element to set a goal of 70 percent homeownership rate, in response to a homeownership rate of approximately 51 percent.

The Amended Plan will help the City to achieve the following housing goals identified in the 1997 State of the City Report:

- Develop housing programs to maintain and improve the existing housing stock in order to enhance and stabilize older neighborhoods while also increasing home ownership rates
- Encourage infill development which is compatible with and enhances existing neighborhood areas.
- Support higher residential densities in appropriate locations such as designated activity centers and along major transit routes.
- Continue to protect neighborhoods by implementing existing city ordinances such as the Community Preservation Ordinance.

The Housing Set-Aside Fund which has been used to assist lower income renters, is now being used to also support programs assisting low to moderate income first-time homebuyers, since these programs move the City towards meeting its stated homeownership goal.

Over the five year Implementation Plan period, the Redevelopment Agency will continue to concentrate on achieving those goals which are most applicable to the Agency's affordable housing activities. The Agency will assist diverse types of qualifying households through a range of programs throughout the City, rather than limiting affordable housing activities to a single program or location.

b) Affordable Housing Programs

Since the adoption of the five year Implementation Plan for the Existing Downtown Project Area in 1994, most of the anticipated new affordable housing construction projects have been completed in the Existing Project Area, and a policy change has occurred that emphasizes homeownership projects. The availability of Mortgage Credit Certificates (MCCs) has been reduced dramatically at the state level, and local allocations have decreased since FY 1996/97. As a result of this change, far fewer low and moderate income families will be assisted with MCCs over the plan period. The Housing Set-Aside Fund continues to provide funds for the First Time Homebuyer Program and acquisition and rehabilitation program for multifamily properties that serve low and moderate income families in targeted areas.

Housing programs assisted by the Agency will comply with housing goals and policies set forth in the Housing Element. The Agency will refine these housing programs to assist in providing high quality, attractive, affordable housing developments serving a diverse population.

The Agency's Housing Set-Aside will be used in a flexible manner to respond to favorable development opportunities. The type of financial assistance to be provided may include cost write down and gap financing for projects utilizing federal and state funds, as well as loans for property acquisition, development, renovation, on- and off-site improvements, predevelopment costs and development fees.

To assist in the development of affordable housing, the Agency will utilize three basic programs:

1. Assistance to First-Time Homebuyers New Construction.
2. Residential Rehabilitation.
3. New Residential Construction.

Program #1: Assistance to First-Time Homebuyers

- First-Time Homebuyer Program provides downpayment and closing costs assistance loans to qualifying for first-time homebuyers whose incomes are at or below 120% of median income.

Program #2: Residential Rehabilitation Program

- Single family housing rehabilitation
- Rehabilitation of rental properties (for-profit owners)
- Acquisition and rehabilitation of rental property

Program #3: New Construction

- New construction of single family homes
- Mortgage revenue bonds for purchase and rehabilitation of rental property requires 20% of units set-aside for very low income households for at least 15 years.
- Mortgage revenue bond financing for new rental developments (with condo map) with 20% of units set-aside for very low income households for at least 15 years.

4. Revenues and Expenditures

a) Housing Set-Aside Fund Revenues

The primary funding source for the Agency's affordable housing activities during the Implementation Plan period will be the 20 percent portion of annual tax increment revenue deposited by the Agency into its Housing Set-Aside Fund.

The total funds available in the Housing Set-Aside Fund during the five year Implementation Plan period is projected to be about \$5.2 million in constant 1998 dollars, comprised of revenues generated during the five year period (about \$2.5 million) and the current fund balance (about \$2.7 million).

Most of the deposits are expected to come from the Existing Project Area in the next eight to ten years. Table V-10 shows that the Existing Project Area will contribute about \$2.2 million, or 88 percent of the total, and the proposed Added Area about \$275,000. (See Chapter IV for further discussions of tax increment revenue potential. No other significant funding sources are available to finance projects.

Table V-10
Deposits to Housing Set-Aside Fund
1999 to 2003
Amended Hayward Redevelopment Project

Year	Existing Area	Added Area	Total
Nominal or Future Value Dollars			
1998/99	\$449,240	\$0	\$449,240
1999/00	\$466,296	\$33,332	\$499,628
2000/01	\$496,592	\$64,671	\$561,264
2001/02	\$526,988	\$97,366	\$624,354
2002/03	\$555,419	\$131,464	\$686,883
Total	\$2,494,536	\$326,833	\$2,821,369
Current Balance	\$2,737,530	N/A	\$2,737,530
Total w/Balance	\$5,232,066	\$326,833	\$5,558,899
Constant 1998 Dollars*			
1998/99	\$449,240	\$0	\$449,240
1999/00	\$439,902	\$31,445	\$471,347
2000/01	\$441,965	\$57,557	\$499,523
2001/02	\$442,470	\$81,750	\$524,220
2002/03	\$439,944	\$104,132	\$544,076
Total	\$2,213,521	\$274,884	\$2,488,406
Current Balance	\$2,737,530	N/A	\$2,737,530
Total w/Balance	\$4,951,051	\$274,884	\$5,225,936

* Based on a present value discount rate of six percent.

Source: Hayward Redevelopment Agency, Seifel Associates.

Table V-10 shows that the Existing Area will generate significantly more Housing Set-Aside revenues than the Added Area during the Implementation Plan period. The Added Area may use funds from the Housing Set-Aside Fund from the Existing Area in the first five years to undertake housing rehabilitation. The Added Area will begin to refund the Existing Area funds once it begins to generate sufficient tax increment.

The Agency will utilize the Housing Set-Aside Fund as available in first 3 years of the Implementation Plan period, in order to undertake site assembly for Site 4. The total cost to assemble Site 4 is estimated at \$3 million.

b) **Housing Set-Aside Fund Expenditures**

The Agency projects that it will expend approximately \$5.1 million to carry out its housing program during the five year period, leaving a fund balance of about \$125,000 in 2004. Table V-11 summarizes the annual revenues and expenditures for non-housing projects over the next five years.

Table V-11
Housing Revenues and Expenditures
1999 to 2003
Amended Hayward Redevelopment Project
Constant 1998 Dollars

Year	Revenues	Expenditures	Balance
Current Balance	\$2,737,530	N/A	\$2,737,530
1998/99	\$449,240	(\$1,400,000)	\$1,786,770
1999/00	\$471,347	(\$1,200,000)	\$1,058,117
2000/01	\$499,523	(\$1,500,000)	\$57,640
2001/02	\$524,220	(\$500,000)	\$81,860
2002/03	\$544,076	(\$500,000)	\$125,936
Total	\$5,225,936	(\$5,100,000)	

Source: Hayward Redevelopment Agency

The Agency will continue to combine the Housing Set-Aside Fund revenue from the Amended Redevelopment Project with other funding sources devoted to the provision of affordable housing to maximize the number of affordable units that can be developed or rehabilitated with the available housing funds. These other funding sources include, but are not limited to, the Community Development Block Grants (CDBG) and HOME Investment Partnership funds from the U.S. Department of Housing and Urban Development, and, if available, California Housing Finance Agency (CHFA) and Department of Housing and Community Development (HCD) program funds at the state level, and low income housing tax credit equity funds, and other creative financing options such as private sector or foundation contributions.

5. Annual Housing Activities for the Next Five Years

The Agency expects to take advantage of various opportunities as they are presented and to initiate actions as necessary, consistent with the CRL and the City's Housing Element, to preserve and facilitate the development of affordable housing for households whose basic needs are not met by the private housing market. The CRL requires that the Agency formulate annual housing production goals over the next five years. The annual production goals are targets that the Agency has established. At this time, based on information and opportunities known to date, the Agency plans to achieve the following housing production goals. If the City is allocated federal funds, for example HOME funds, and if there is a local match requirement, then the Housing Set-Aside Fund may be used.

1999

- Provide assistance to complete the rehabilitation of the 85 unit Green Shutter Hotel.
- Provide about \$200,000 per year for first time homebuyer program (Downpayment Closing Costs Loans).
- Assist in assembly/acquisition of 2 to 2.5 acres in Site 4 to provide housing opportunities for low and moderate income households.

2000

- Provide about \$200,000 per year for first time homebuyer program (Downpayment Closing Costs Loans).
- Assist in assembly/acquisition of 2 to 2.5 acres in Site 4 to provide housing opportunities for low and moderate income households.

2001

- Provide about \$200,000 per year for first time homebuyer program (Downpayment Closing Costs Loans).
- Assist in assembly/acquisition of 2 to 2.5 acres in Site 4 to provide housing opportunities for low and moderate income households.

2002

- Provide about \$200,000 per year for first time homebuyer program (Downpayment Closing Costs Loans).
- Provide single family and rental housing rehabilitation.

2003

- Provide about \$200,000 per year for first time homebuyer program (Downpayment Closing Costs Loans).
- Provide single family and rental housing rehabilitation.

6. Conclusion

The Agency plans to target its Housing Set Aside Fund for specific income groups as required by the CRL. However, the Agency will make every effort to encourage the development of housing affordable to a variety of income levels using the broad programs described above, and applying its resources in a manner that meets the ten year Housing Production Requirement. By combining various funding sources, and in partnership and collaboration with others dedicated to the development of affordable housing, the Agency is confident it will be able to meet its Housing Production obligations within the next ten years. The Agency's annual affordable housing production goals to meet its affordable housing production requirement are summarized in Table V-12.

The Agency recognizes the important role of housing programs and activities in its redevelopment program. Consequently, the proposed affordable housing programs should not be viewed simply as an implementation procedure for the Agency's stated goals and objectives related to affordable housing, but as a key element in its overall revitalization efforts. Through the annual budgeting process, the Agency will translate the affordable housing goals and programs described in this Implementation Plan into specific budget expenditures using the Housing Set-Aside Fund deposits that are expected during the Implementation Plan period.

In conclusion, the Agency's goals stated above will meet CRL affordable housing production requirements in the five year Implementation Plan period. Furthermore, in accordance with CRL, the Agency is proposing to develop units and spend Housing Set-Aside funds by income category in accordance with need. This Implementation Plan will undergo review and revisions to meet the changing conditions and priorities reflecting community needs.

Table V-12
Estimated Expenditures of
Housing Set-Aside Fund
& Affordable Housing Goals

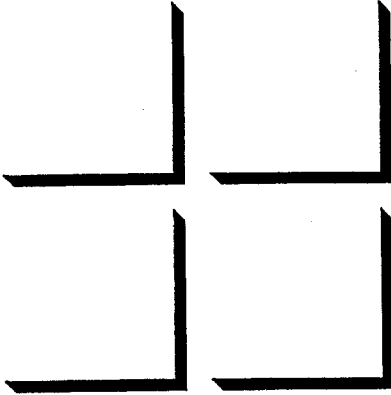
HOUSING GOAL	Fiscal Year Ending					TOTAL
	1999	2000	2001	2002	2003	
GOAL I: Encourage the provision of an adequate supply of housing units in a variety of housing types which accommodate the diverse housing needs of those who live, or wish to live in the city	\$1,200,000	\$1,000,000	\$1,000,000			\$3,200,000 (b)
TOTAL UNITS	95 (a)					95
Newly-constructed						
Rehabilitated	95					95
Price-restricted						
GOAL II: Ensure the safety and habitability of the city's housing units and the quality of its residential areas	\$0	\$0	\$300,000	\$300,000	\$300,000	\$900,000
TOTAL UNITS			20	20	20	60 (c)
Newly-constructed						
Rehabilitated			20	20	20	60
Price-restricted						
GOAL III: Ensure that the city's housing stock contains an adequate number of decent and affordable units for households of all income levels	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
TOTAL UNITS	10	10	10	10	10	50 (d)
Newly-constructed						
Rehabilitated						
Price-restricted						
TOTAL ESTIMATED EXPENDITURE	\$1,400,000	\$1,200,000	\$1,500,000	\$500,000	\$500,000	\$5,100,000
TOTAL UNIT GOALS	105	10	30	30	30	205

NOTES:

- a) Assumes completion of the rehabilitation of the 85 unit Green Shutter Hotel assisted in the FY 1998-99 period.
- b) Includes \$3 million for assembly/acquisition of Site 4.
- c) Assumes units assisted by rehabilitation programs.
- d) Includes total assisted by First Time Homebuyer Program.

Source: Hayward Redevelopment Agency and Seifel Associates

ATTACHMENT 2
MISSION - FOOTHILL PLAN AMENDMENT



12.0 IMPLEMENTATION PLAN

The primary purpose of the project is to alleviate conditions of blight in the proposed Amendment Area. Due to the range of detrimental physical and economic conditions in the Amendment Area, the Agency plans to undertake a comprehensive program of activities that will include providing community facilities improvements, urban infrastructure improvements, economic development, housing development, and beautification projects. This is intended to stimulate quality development and to promote rehabilitation of existing improvements and structures, and to finance various other activities that will serve existing residential and business development and induce new private investment. In addition to providing needed public improvements, the Agency may assist owner participants or prospective developers to reduce project development costs, by assisting with site acquisition and assembly, and with relocation of existing tenants should this prove to be necessary.

12.1 GOALS AND OBJECTIVES

The Amendment Area includes a number of conditions that are specified in the Redevelopment Law as characteristic of blight. The overall objective of this Implementation Plan is to provide for the elimination or alleviation of physical and economic conditions of blight. Broadly stated, these conditions include physical deterioration of buildings and facilities both public and private, inadequate public improvements and facilities that are essential to the health and safety of local residents and businesses, areas of incompatible land uses, lots of irregular form and shape and of inadequate size for proper development, parcels suffering from depreciated values and

impaired investments, and a variety of other conditions that are a threat to the public health, safety, and welfare.

In eliminating blighting conditions, the central goal of the Redevelopment Plan is to:

"Provide an improved physical, social, and economic environment which will establish this area as a center of community activity, containing a viable mixture of commercial and residential development, open space, public and related uses."

Within this broad goal, the Redevelopment Plan identifies objectives which may be undertaken by the Agency. These include:

- Beautification and enhancement of the Project Area to create an improved visual environment and to promote comfort, convenience, safety and visual unity.
- Creation of a safe and efficient transportation and traffic circulation system.
- Creation and/or expansion of off-street parking facilities, including surface lots and multiple story structures.
- Provision of public facilities which will be needed to support the revitalization of downtown which may include but will not be limited to public buildings, recreation facilities, open space and utilities.
- Provision of expanded living and employment opportunities through the creation of suitable parcels of land for private development of housing and commercial uses.

12.2 REDEVELOPMENT ACTIVITIES

The primary purpose of the Redevelopment Plan is to alleviate conditions of blight in the proposed Amendment Area. The Agency is planning to, but is not limited to, accomplishing this task through the implementation of various programs. The following is a list of programmatic goals proposed for the Amendment Area. The Agency is not required to provide the programs and improvements listed below, but is authorized to fund such activities.

- Develop attractive entryways to identify neighborhood and City entrances.

- Increase the amount and upgrade the quality of open space, public parks, and recreational and community facilities.
- Support quality affordable and market rate housing.
- Institute a program to improve, establish and upgrade pedestrian amenities, public parking, transit and other circulation improvements along arterials in the Amendment Area.
- Attract neighborhood serving commercial uses.
- Install public improvements as needed in neighborhood areas.
- Support commercial developments that increase the revenue base, creates jobs and serves the needs of the community.
- Seek ways to improve the capacity of auto dealerships by clustering uses, developing common area facilities, and implementing streetscape, signage and promotional programs.
- Consider a mixed use improvement plan for the South Hayward BART Area.

12.2.1 OTHER IMPROVEMENTS

The Agency is authorized to plan, design, and construct additional public improvements and other facilities as may be identified to ensure the complete redevelopment of the Amendment Area. Such improvements can be located outside the boundaries of the Amendment Area if they are found to be of benefit to the Amendment Area.

Changes in circumstances or designs may alter the location of the facilities described in this chapter, or may require other related facilities.

12.3 DEVELOPMENT ASSISTANCE

In order to ensure the financial feasibility of development and rehabilitation projects in the Amendment Area, the Agency may find it necessary to directly reduce the cost of development or rehabilitation activities. One technique

commonly used by redevelopment agencies is the provision of bond financing, which serves to reduce the financing cost of a project. The Agency may also assist in buying capital equipment for industrial users. Such incentives may take the form of certificates of participation, tax allocation bonds, lease revenue bonds, industrial development bonds and various forms of tax exempt notes at various terms.

Another technique available to the Agency is to acquire property in the Amendment Area and to "write down" the cost of the land when it is sold to a developer or owner participant. Such land write-downs would only occur in accordance with an executed development agreement which provides appropriate assurances that the developer or owner participant would complete the project. In addition, any Agency commitment to reduce the cost of land it had purchased would occur on the basis of a detailed analysis of the developer's cost and revenue pro forma for the proposed project and the sales price would be no less than the "reuse" value of the land. The purpose of such analysis would be to show that the contribution of tax increment funds to the project through the land write-down process does not simply result in extra profit for the owner participant or project developer. Where a contribution of tax increment funds to a specific development project is determined to be necessary, the Agency may take an equity or income position in the project in order to recoup all or a portion of those tax increment funds to support other Agency activities.

In assisting with rehabilitation activities, the Agency may establish rehabilitation loan programs to provide financial assistance at favorable interest rates or with other favorable terms. In some instances, Agency loans or grants may be used to induce rehabilitation activities. As with land price inducements, Agency rehabilitation assistance would be provided only to the extent needed, and then only pursuant to an agreement with the property owner or developer to ensure that the rehabilitation work would be completed in accordance with Agency standards.

The types of Agency assistance described above would be the primary tools used to carry out generalized redevelopment activities such as commercial expansion, industrial renewal, neighborhood improvement, and various types of rehabilitation activities. These activities are needed throughout the Amendment Area, and as indicated in Chapter 11.0, will be

used as necessary in conjunction with owner participation and developer agreements.

12.4 PROPERTY ACQUISITION AND ASSEMBLAGE

One of the blight conditions in the Amendment Area is small and irregular shaped parcels in commercial and industrial areas. In order to address this blight, the Agency may consider using its authority to purchase land through negotiated purchase or eminent domain. Such land may subsequently be assembled and disposed of by any legal means, such as land write-downs or other techniques, to facilitate development in the Amendment Area in conformance to the General Plan.

12.5 FIVE YEAR IMPLEMENTATION PROGRAM

Section 33352 of the CRL requires a program of actions and expenditures proposed to be made within the first five years of the Redevelopment Plan. This section contains a listing of Agency activity priorities for the Amendment Area, five-year tax increment projection, and general program goals for the development assistance, housing assistance, relocation assistance and property acquisition elements of this Implementation Plan. Goals for these non-capital programs cannot be quantified and the specific extent to which they are used may depend on specific circumstances that are currently unforeseeable.

Five-Year Tax Increment Projections

Table 19 provides detailed Amendment Area tax increment projections for the first five years of the Redevelopment Plan. Tables 17 and 18 in Section 11.5 show tax increment projections for the full lifetime of the plan. During the first five years, however, tax increment revenues will be limited and Agency activities will have to focus on those programs which best achieve its goals at the least expense.

Of the total \$1,326,000 in tax increment projected for the first five-year period, an estimated \$769,000 would be available for the various non-housing redevelopment projects listed in Table 20, and \$265,000 would be available for low- and moderate-income housing programs. As tax increment receipts grow after the first five-year period, Agency programs can expand

considerably to include a much wider range of activities than possible during the first five years.

TABLE 19
PRELIMINARY 5-YEAR TAX INCREMENT PROJECTION
WITH NEW CONSTRUCTION ESTIMATES
(Present Value Dollars)

	TAX INCREMENT	PASS THROUGH PAYMENTS AND ADMINISTRATIVE PAYMENTS TO COUNTY	LOW- AND MODERATE INCOME HOUSING FUND	PROJECTS
	\$0	\$0	\$0	\$0
Year 1			30,320	87,928
Year 2	151,599	33,352	44,528	129,130
Year 3	222,639	48,980	73,784	213,975
Year 4	368,922	81,163	116,587	338,101
Year 5	582,933	128,846	\$265,219	\$769,134
	\$1,326,093	\$292,341		

Tax increment is paid in the "year next following" the year in which the redevelopment plan is adopted. This means that there is no revenue from the Amendment Area during its first year. All numbers are constant 2001 values.

Five Year Public Improvements Program

During the first five years, the Agency intends to place priorities on funding, either in whole or in part, the programs shown in Table 20.

The costs of the programs outlined in Table 20 exceed estimated Amendment Area tax increment revenues by nearly \$231,000. This difference between costs and revenues may be made up through program funding priorities, participation from other funding sources such as the grants or City capital improvements funds. As is common for virtually all redevelopment project areas, revenues are very slim during the first five to ten years, with large expenditure programs often being delayed to the second ten year period. Relatively small expenditure programs such as those identified in Table 20 are typical for the first five to ten years of a redevelopment plan's life.

TABLE 20
FIVE-YEAR IMPLEMENTATION PLAN
PROPOSED PROJECTS

PROJECT DESCRIPTION	ESTIMATED COST (Present Value)
1. Develop revitalization strategies for selected older neighborhoods, such as the area bounded by Hazel, Kimball, Foothill and Main in North Hayward and the area between Mission, East 16 th , Calhoun and Webster in the Mission-Garin neighborhood. Activities could include infrastructure improvements such as installation of curb, gutter and sidewalk; housing rehabilitation; and landscape beautification.	\$200,000
2. Plan for the mixed-use redevelopment and reconfiguration of the two-block area bounded by Mission, Pulaski, Warner and Lexington to create a revitalized southern entry to the City. Work with property owners to maximize potential reuse of site.	\$100,000
3. Prepare a conceptual plan for the South Hayward BART Station area that extends through the Dixon area to the Mission-Industrial intersection.	\$250,000
4. Develop a revitalization strategy for the North Mission Boulevard commercial corridor that is coordinated with the Alameda County redevelopment plan. Consider relocation of new auto dealerships to historic auto row and reuse of vacated properties. Evaluate feasibility of expanding or enhancing historic cottage district.	\$150,000
5. Develop a unique, high visibility banner program for Mission Boulevard to create identity and focus for the historic Hayward Auto Row.	\$100,000
6. In cooperation with the Hayward Area Recreation District, encourage the development of a neighborhood park in the P.G.&E. corridor south of Orchard between the BART tracks and O'Neil.	\$200,000
Total Estimated Non- Housing Project Costs	\$1,000,000
Revenue Available Years 1 through 5	\$769,134
Shortfall in Non-Housing Projects	(\$230,866)
7. Provide funding to expand the Agency's low- and moderate-income housing rehabilitation loan program to serve the Amendment Area. These funds could be used for residential rehabilitation loans, pre-development assistance for new construction, or a mix of other eligible programs.	\$260,000
Low- and Moderate-Income Housing Fund Revenues Years 1 through 5	\$265,219

Subsequent to the first five year period following adoption of the Redevelopment Plan, these projects will be reviewed as a part of the implementation plan required pursuant to CRL Section 33490.

During the initial five years of the Redevelopment Plan's life, there may be additional projects and programs not listed above proposed for full or partial funding by the Agency. Such programs may receive priorities for funding to the extent that they meet the goals of the Amendment Area as outlined in Section 12.2 of this Implementation Plan.

Development Assistance

The Agency may provide financial and other assistance as authorized by the CRL and the Redevelopment Plan to individual projects on an as-needed basis and depending on the availability of Agency funds or other resources. During the five year period covered by this phasing program, the Agency's focus in the Amendment Area shall be upon projects specified in Table 20.

Relocation Assistance

During the period of this five year program, relocation assistance will be provided to any businesses and residents that may be displaced through direct Agency actions as necessary and consistent with the Redevelopment Plan and any relocation guidelines adopted by the Agency.

Property Acquisition

Except as specifically exempted in the Redevelopment Plan, the Agency may acquire, but is not required to acquire, any real property located in the Amendment Area by gift, devise, exchange, purchase, or any other lawful method, including eminent domain.

12.6 ALLEVIATION OF BLIGHTING CONDITIONS

As documented in this Report, there are detrimental physical and economic conditions in the Amendment Area. The Agency proposes to begin to alleviate these conditions by undertaking the program of public improvements and development incentives described above. Together, these programs will stimulate new development and rehabilitation activities in the Amendment Area not only in the next five years, but throughout the lifetime of the Plan.

Successful implementation of the Project will result in expanded economic activity in the Amendment Area and in the surrounding community. Such activity may increase the number of local employment opportunities, expand the community's tax base for the support of essential services, and reduce the costs to the City of providing some services. This in turn will spark additional investment in the community.

In addition, Project implementation is expected to alleviate detrimental physical conditions, including the need for

reparcelization and replacement or rehabilitation of deteriorating land uses and providing needed public improvements and community facilities. Project implementation is also anticipated to provide for the rehabilitation of dwelling units available to low- and moderate-income residents in those areas with severe residential deterioration.

The projects listed earlier in this chapter will address blighting conditions in a number of ways:

1. Various street improvements would improve circulation through and within the Amendment Area, thus reducing traffic congestion and easing access to parcels. Improvements to traffic flows will help attract customers to the commercial portions of the Amendment Area, while also helping to attract new businesses to the commercial and industrial areas. Roadway improvements also help attract new investment by signaling to the financial, residential investment and commercial communities that the Agency is willing to provide the services necessary to help ensure the success of investments.
2. Landscaping and other aesthetic enhancements improve the visual quality of various residential and commercial neighborhoods. This, in turn, has the effect of helping to induce new investment or reinvestment, plus commercial and residential rehabilitation through improved community image and pride. Improved visual image often attracts more customers to local stores, which increases local sales. These improved sales increase the value of previously impaired investments, and help make more capital available for reinvestment in local businesses. Increased local pride often results in a patrol effect that helps to reduce local crime, especially crimes against property.
3. Improved recreational opportunities in the Amendment Area would enhance the living environment for local residents. This improved quality of the environment will result in improved property values and greater neighborhood pride. This will result in significantly increased reinvestment in the Amendment Area's residential neighborhoods.
4. Business marketing programs such as the banner program for the Hayward Auto Row, are intended to reduce blight by helping existing businesses to market themselves, and

to expand or improve their competitiveness by attracting new customers into the Amendment Area. Business expansions also create new jobs, which will help improve local employment opportunities. This in part will have the result of reducing local crime, while improving disposable incomes and local sales.

5. Activities promoting the redevelopment of the area between Warner Avenue and Lexington Avenue may lead to elimination of commercially obsolete development and uses incompatible with the adjacent neighborhood and economically impaired properties.
6. Development of revitalization strategies in the north Mission Boulevard corridor and conceptual design planning for the south Hayward BART area would promote redevelopment or rehabilitation activities that could eliminate deteriorated buildings, buildings of poor or obsolete design and inadequate signage, building vacancies, lack of curbs, gutters and sidewalks, lack of trees and landscaping, and irregular parcels.

12.7 INCLUSIONARY HOUSING REQUIREMENTS AND AFFORDABLE HOUSING ACTIVITIES

This section describes an initial 5-year housing production program for the Amendment Area. This program is intended to show how the Agency will address various low- and moderate-income housing requirement in CRL Sections 33334.2, 33334.4, 33334.6, and 33413. Specifically, the production program shows the number of housing units to be developed, rehabilitated, price-restricted, otherwise assisted, or destroyed. In addition, the housing production program describes the Agency's plans for using its annual deposits in the Low- and Moderate-Income Housing Fund.

Sections 33334.2 and 33334.6 of the CRL, among other matters, oblige the Agency to establish a Low- and Moderate-Income Housing Fund for the purposes of increasing, improving and preserving the City's supply of low- and moderate-income housing. Section 33334.4 of the CRL states that it shall be the policy of each redevelopment agency to use the Low- and Moderate-Income Housing Fund to, "... assist housing for persons of low- and very-low income in at least the same proportion as the total number of housing units needed for those income groups which are not being provided by other governmental programs bears to the total number of units

needed for persons of moderate, low- and very-low income within the community."

Finally, CRL Section 33413 establishes various housing production requirements, including standards for replacing housing units lost as a result of Agency activities, standards for the production of low- and moderate-income housing units provided by parties other than the Agency, the ratio of very-low income housing units to low- and moderate-income housing units produced in the Amendment Area, the length of time that units must be affordable, and requires the preparation of a plan showing how the requirements of CRL Section 33413 will be met (an "AB315" plan).

The following sections summarize general issues relative to low- and moderate-income housing in the City, detailed housing production requirements, housing production in the Amendment Area, identified inclusionary housing needs, projected housing needs through the five-year implementation plan period, replacement housing needs, current housing programs, and a five-year production plan.

12.7.1 HOUSING PRODUCTION REQUIREMENTS

Besides replacement housing (see Section 12.7.4 below), CRL Section 33413 has two basic inclusionary housing production requirements that are applicable to the Amendment Area.

1. At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency must be available to persons or families of low- or moderate-income. Of these, 50 percent must be available to very-low income households. This requirement would apply to housing developed directly by the Agency, but not to housing projects developed by a private party under an agreement with the Agency.
2. At least 15 percent of all new or substantially rehabilitated dwelling units developed by parties other than the Agency shall be available at affordable costs to persons or families of low- or moderate-income. Of these, 40 percent must be available at affordable costs to very-low income households. This requirement applies in the aggregate, and not to each individual housing development project. These low- and moderate-

income dwelling units may be provided outside the Amendment Area, but will only be counted on a two for one basis. In other words, if the Agency has an inclusionary housing need of 10 units inside the Project Area, then 20 units outside the Project Area would satisfy the overall requirement on a two-for-one basis.

Only low- and moderate-income housing units whose affordability is guaranteed on an on-going basis over the long term may be counted in meeting these requirements. For the purposes of this plan, long-term affordability is defined as affordable for the duration of the land use controls established under the Redevelopment Plan.

12.7.2 PROJECTED HOUSING INCLUSIONARY HOUSING NEEDS

Table 21 estimates projected housing production in the Amendment Area, and the inclusionary housing requirement that would result with the new housing production. In total, the Agency estimates that 74 new dwelling units will be constructed in the Amendment Area between 2001 and 2005. These estimates were based on projects that have been submitted for approval or have been approved by the City. Of these, 55 will be attached condominium units, and 19 will be single family units. An additional 285 units could be built in the 2006 through 2010 period. The 2011 through 2020 period would see another 568 units constructed. This is based on an analysis of the Hayward General Plan that indicates the Amendment Area would generate a total of 927 new dwelling units over the next 20 years.

This new construction would result in a total inclusionary housing requirement of 12 units, 5 of which would be available to very-low income households as a result of construction during the first five years of the Redevelopment Plan's life. For the purposes of this Implementation Plan, the second five-year period is projected to see the construction of an additional 285 units for a total inclusionary housing needs of 43 units, including 17 very-low income units. The subsequent decade's 568 units would generate an inclusionary housing need of 86 units, including 35 very-low income units.

**TABLE 21
20-YEAR HOUSING CONSTRUCTION ESTIMATES
AND HOUSING NEEDS PROJECTIONS**

TIME PERIOD	DWELLING UNITS	LOW AND MODERATE INCOME UNITS REQUIRED (15% TOTAL UNITS)	VERY-LOW INCOME UNITS (40% OF LOW AND MODERATE INCOME UNITS)
5-Year New Construction	74	12	5
5 to 10 Year New Construction	285	43	17
10 to 20 Year New Construction	568	86	35
Total New Construction	927	141	57

Average annual housing production is estimated at 57 dwelling units, based on build-out of the City of Hayward General Plan in the Amendment Area during the 20 years subsequent to the adoption of the Redevelopment Plan. The Agency estimates that there is capacity in the Amendment Area for 927 new dwelling units.

Source: GRC Redevelopment Consultants, 2001; *Draft Environmental Impact Report for the Amendment to the Downtown Hayward Redevelopment Plan*, 2001.

These inclusionary housing needs are based on projected residential construction in the Amendment Area. Actual inclusionary housing needs, however, are based on actual construction. Inclusionary housing needs can be satisfied anywhere within the Project Area. Construction-based estimates will be prepared at the time the second five-year implementation plan is prepared.

In the event that dwelling units which are occupied by low- or moderate-income households are destroyed or otherwise removed from the housing stock (e.g., converted to an office or a shop) in the Amendment Area then the Agency must replace these units in four years with equivalent or better units. This requirement applies only if the development project in question is subject to a written agreement with the Agency or if financial assistance has been provided by the Agency. The replacement units may be provided anywhere within the jurisdiction of the City of Hayward. Unassisted private development in the Amendment Area does not trigger this requirement.

At present, the Agency has no plans to enter into a written agreement or to provide financial assistance to any

development in the Amendment Area that would result in the removal of affordable low- and moderate-income units from the housing stock. However, the potential for the loss of affordable units does exist in certain portions of the Amendment Area where there are non-conforming dwelling units, or where existing units could be replaced by more intense mixed-use development. If direct Agency actions should result in the loss of affordable housing units in the Amendment Area, then such units shall be replaced within four years by equivalent or better dwellings affordable to low- and moderate-income households. Such replacement shall be in accordance with the CRL, the General Plan, and any other applicable statute. Replacement housing may be funded through use of the Low- and Moderate-Income Housing Fund, or other sources of funds as permissible and appropriate.

12.7.3 FIVE AND TEN-YEAR HOUSING PRODUCTION PLAN

As noted above, potential residential development within the next five- and ten-year periods in the Amendment Area will be an estimated 359 units. The construction of these units will generate a need for 55 units available to low- and moderate-income households, including 22 units available for very-low-income households.

Programs to Address Inclusionary Housing Needs

In order to address potential inclusionary housing needs, the Agency will continue to work with individual developers on a case-by-case basis to assist in the provision of units. The Agency shall also cooperate with the City in providing resources to meet City-wide Housing Element goals and objectives. At this point, the Agency has no plans to enter directly into residential construction.

Over the first ten years of the Redevelopment Plan's life, the Agency intends to focus its housing efforts on the following major program areas. These program areas are intended to provide such assistance primarily through the existing housing stock.

- Home Ownership Programs – includes down payment assistance and other first time homebuyer's aid. These are in the form of loans.
- Housing Rehabilitation Loans – includes loan and supplemental grant programs for upgrading and rehabilitating existing housing.

- New Construction Programs – includes assistance in the new construction of single family homes, mortgage revenue bond financing for new rental development with 20% of units set aside for very low income households for 15 years.

Table 22 outlines the housing production plan and estimated costs over the next five year period. The production plan includes 13 units, all of which would meet inclusionary housing needs that are generated through new private construction. Of the 13 units assisted according to the production plan, all would involve rehabilitation of existing dwelling units.

**TABLE 22
HOUSING PRODUCTION SCHEDULE AND COST ESTIMATES**

PROGRAM NAME	INCOME LEVEL	ANNUAL HOUSING PRODUCTION ESTIMATES (UNITS)					
		2001/02	2002/03	2003/04	2004/05	2005/06	Total
Housing Rehabilitation Loans	Low	0	0	2	3	8	13
First Time Homebuyers Program	Moderate	0	0	0	0	0	0
New Construction Programs	Low/Very-low	0	0	0	0	0	0
Total		0	0	2	3	8	13

PROGRAM NAME	INCOME LEVEL	ESTIMATE EXPENDITURES (\$000s)					
		2001/02	2002/03	2003/04	2004/2005	2005/06	Total
Housing Rehabilitation Loans	Low	0	0	40	60	160	260
First Time Homebuyers Program	Moderate	0	0	0	0	0	0
New Construction Programs	Low/Very-low	0	0	0	0	0	0
Total		0	0	40	60	160	260

Note that these are estimates only, and actual values and mix of programs will vary significantly based on actual development rates, tax increment receipts, and the general state of the economy. All programs are potential programs only, and have not been approved or funded at this time.

Resource Availability

As shown in Table 19, it is anticipated that the Agency will deposit \$265,219 in the Low- and Moderate-Income Housing Fund from the Amendment Area during the first five years.

Given the programs outlined above, these estimated funds would be expended in the manner shown in Table 22. The above housing production plan will use an estimated \$260,000 to provide rehabilitation loans for 13 residential units at an estimated cost of \$20,000 per unit.

Whether or not discussed above, specific low- and moderate-income housing projects may be constructed, funded or otherwise supported by the Agency during the period covered by this Implementation Plan, if the Agency finds that:

1. The goals and objectives of the Redevelopment Plan are furthered, and that the low- and moderate-income housing program is consistent with State housing policy as stated in the CRL.
2. Specific low- and moderate-income housing needs will be mitigated in whole or in part through construction of the project.
3. That the long term affordability of the units has been ensured in a manner consistent with the CRL.